PRELIMINARY INFORMATION MEMORANDUM

For Inviting Expression of Interest

for

Strategic Disinvestment of

Air India Limited, including AI's shareholding interest in the AIXL and AISATS

by

Government of India

Ministry of Civil Aviation

सत्यमेव जयते

Transaction Advisor

Building a better working world

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27 January, 2020

DISCLAIMER

Ernst & Young LLP India ("**EY**" or **"TA"**) has been appointed as transaction advisor by the Government of India ("**GOI**") for advising and managing the proposed strategic disinvestment of Air India Limited (**"AI" or "Company"**) by way of transfer of management control and sale of 100% equity share capital of AI held by GOI. AI inter alia holds 100% equity share capital of Air India Express Limited ("**AIXL**") and 50% equity share capital of Air India SATS Airport Services Private Limited ("**AISATS**") (together with AI and AIXL referred to as **"Companies"**).

This Preliminary Information Memorandum ("**PIM**"), which includes proprietary information on the Companies, has been prepared by EY for the limited purpose of providing certain information about the Companies to enable the recipients to be appraised of basic details of the Companies and make an assessment in relation to the Proposed Transaction (*as defined below*) prior to submission of an initial proposal (**"EOI"**) by interested bidders ("**Interested Bidders**" or "**IBs**") in respect of the Proposed Transaction. This PIM has been prepared for information purposes only, without any regard to specific objectives, suitability, financial situations and needs of any particular person. The information contained in this PIM or any other information subsequently provided to Interested Bidder(s), whether written or in any other form, by or on behalf of the GOI or the Companies or TA or any of their employees or advisors, is provided to Interested Bidder(s) on the terms and conditions set out in this PIM and such other terms and conditions subject to which such information is provided.

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some of which may depend upon interpretation of law. The information given is not intended to be an exhaustive account of statutory requirements and should not be regarded as a complete or authoritative statement of law.

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This PIM does not constitute any recommendation, and is not intended to form the basis for participating in the Proposed Transaction or for an investment decision.

This PIM should not be construed as an offer or invitation for sale or the solicitation of an offer to buy, purchase or subscribe to any securities, if any, mentioned therein. Each Interested Bidder must conduct its own independent investigation and assessment of the financial condition and affairs of the Companies and the terms and conditions of the Proposed Transaction, and must obtain independent advice for the purpose of verifying the accuracy, adequacy, correctness, reliability and completeness of any matters pertaining to or relating to the Companies or the Proposed Transaction or for evaluating the Proposed Transaction, including in relation to legal, financial and taxation issues.

GOI reserves the right to change the procedures for pursuing the Proposed Transaction. The issue of this PIM does not imply that the GOI, Companies or the TA are bound to select an Interested Bidder for the Proposed Transaction. Further, GOI and the TA reserve the right to reject all or any of the Interested Bidders or their EOIs without communicating any reasons whatsoever.

The Interested Bidder shall bear all its costs associated with or relating to the preparation and submission of its EOI, including but not limited to preparation, copying, postage, delivery fees, expenses associated with any demonstrations or presentations which may be required by the GOI or any other costs incurred in connection with or relating to its EOI. GOI shall not be liable in any manner whatsoever for the same, regardless of the conduct or outcome of the bidding process.

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The issuance of this PIM, evaluation of EOIs, and subsequent engagement with the Qualified Interested Bidders (QIB) (*as defined below*) and the Confirmed Selected

Bidder (*as defined below*) constitute commercial acts done by the GOI and performed for commercial purposes and do not constitute sovereign acts.

All acts, deeds and things done or caused or intended to be done, or information provided, by the GOI, the Companies and TA hereunder are based on and in reliance of your acceptance of the terms and conditions of this Disclaimer and this PIM.

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DEFINITIONS

AASL	Airline Allied Services Limited
ACI	As defined in clause 11.3 (b)
Advertisement	The advertisement which will be issued in the newspapers on 27th January, 2020 inviting IBs to submit their EOIs for participating in the Proposed Transaction, enclosed as Annexure 1
AERA	Airports Economic Regulatory Authority of India
Affiliate	"Affiliate" means, in relation to any IB, a person who controls, is controlled by, or is under the common control with such IB and whose financial strength is used by IB for qualification as per provisions of clause 11.3 (b) (ii) . As used in this definition, the expression "control" means either of the following: (a) in relation to a person, who is a company or corporation, directly or indirectly ownership of more than 50% (fifty percent) of the voting rights (b) In relation to a person, who is not a company or corporation, directly or indirectly, the power to direct the management and policies of such person; in each case by virtue of their shareholding or management rights or shareholders agreement or voting agreements or any other contractual arrangement. Further, as used in this definition, the expression "person" has the meaning ascribed to it under Section 2(31) of the Income Tax Act, 1961. It is clarified that two or more IBs cannot use financial strength of the same Affiliate.
AI or Company	Air India Limited
AIATSL	Air India Air Transport Services Limited
AIXL	Air India Express Limited
AIESL	Air India Engineering Services Limited
AIF	Alternative Investment Fund registered with SEBI under the SEBI (Alternative Investment Funds) Regulations, 2012 (as amended or superseded from time to time)
Aircraft Act	Aircraft Act, 1934
Aircraft Rules	Aircraft Rules, 1937
AISATS	Air India SATS Airport Services Private Limited
AOC	Air Operator Certificate
Associate	"Associate", in relation to another legal entity, means a legal entity in which that other legal entity has a significant influence (i.e. control of at least twenty per cent of total share capital, or of business decisions under an agreement).
Authorised Signatory	Authorised Signatory means a person who is a managing director or a director of the IB (sole bidder or member of Consortium, as applicable) or of the Affiliate (only in case IB is taking the benefit

	of financial strength of such Affiliate) and has been specifically authorised for the purpose of the Proposed Transaction and in whose favour the Power of Attorney in the form set out in Annexure 7 has been executed. In case of a natural person, the Authorised Signatory is the natural person himself/herself.
ASKM	Available Seat Passenger Kilometre
Bid Process	Stage I and Stage II for the Proposed Transaction are collectively referred to as 'Bid Process'
Bn	Billion
CAGR	Compounded Annual Growth Rate
CCI	Competition Commission of India
CIM	Confidential Information Memorandum
CGOCS	Central Government Owned Cooperative Societies
Companies	Air India Limited, Air India Express Limited and Air India SATS Airport Services Private Limited together referred to as Companies
Consortium	The consortium of eligible entities submitting the EOI together in response to the PIM
Controlling Shareholder(s)	Controlling Shareholder(s) in relation to an IB means any entity having Control over such legal entity. For the purposes of this definition of Controlling Shareholder(s) "Control" shall have the meaning set forth in the Section 2(27) of the Companies Act, 2013
CPSE	Central Public Sector Enterprises
CY	Calendar Year
DGCA	Directorate General of Civil Aviation
DIAL	Delhi International Airport Limited
DIPAM	Department of Investment and Public Asset Management, Government of India
DIPP	Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortization
EBITDAR	Earnings before interest, tax, depreciation, amortization and aircraft lease rentals
EOI	As defined in clause 10.1
EOI Deadline	As defined in clause 1.2
ESOP	Employee Stock Ownership Plan
EY or TA	Ernst & Young LLP, India, the Transaction Advisor for the Proposed Transaction
Fund	An AIF or a Foreign Investment Fund, as applicable

FDI Policy	The Consolidated FDI Policy effective from August 28, 2017 issued by the DIPP (as amended, modified or superseded from time to time), together with press notes issued by the DIPP from time to time, and, if applicable, the Foreign Exchange Management (Transfer or Issue of Securities by a Person Resident Outside India) Regulations, 2017 (as amended, modified or superseded from time to time)
FEMA, 1999	Foreign Exchange Management Act, 1999, as amended, modified or superseded, from time to time
FTC	Fixed term contract
FY	Financial Year
Foreign Investment Fund	Means any appropriately regulated investment fund which is set up in any country outside India, but shall exclude entities that fall within the Negative List. The expression "appropriately regulated" means that the Foreign Investment Fund or its investment manager is regulated or supervised by the securities market regulator or the banking regulator or other relevant statutory authority of the concerned foreign jurisdiction.
GDP	Gross Domestic Product
GOI	Government of India, which shall include all its ministries (including without limitation, MOCA) and departments (including without limitation, DIPAM)
HCI	Hotel Corporation of India
H1 bidder	As defined in clause 9.9
IATA	International Air Transport Association
IB	Interested Bidder shall mean (unless specified otherwise), • in case of a sole bidder, the entity itself • in case of a Consortium, each member of the Consortium
INR	Indian Rupee
JV	Joint Venture
Km	Kilometres
LF	Load Factor
Lead Member	As defined in clause 11.6 (a) and 11.6 (b)
MHA	Ministry of Home Affairs, Government of India
MIAL	Mumbai International Airport Limited
Mn	Million
MOCA	Ministry of Civil Aviation, Government of India
MoU	Memorandum of Understanding
MRO	Maintenance, Repair and Overhaul
Negative List	Negative List means:

	a) entities incorporated or managed from Pakistan and Bangladesh b) entities incorporated or managed from countries identified as non-co-operative countries and territories, by the Financial Action Task Force (FATF) or as notified by the RBI c) Entities incorporated or managed by persons or entities identified as posing significant risk of committing acts of terrorism as advised by the RBI to banks, from time to time
NCD	Non-Convertible Debentures
Net Worth	shall have the meaning set out in clause 11.3 (a)
OCB	Erstwhile Overseas Corporate Bodies (OCB) as defined in the FDI Policy
P&L	Profit and Loss
Pax	Passengers
PAT	Profit After Tax
PBT	Profit Before Tax
PIM	Preliminary Information Memorandum
Proposed Transaction	Strategic disinvestment of AI by way of the transfer of management control and sale of 100% equity share capital of AI held by GOI which will include AI's shareholding interest of 100% in the Air India Express Limited and 50% in Air India SATS Airport Services Private Limited
Requisite Approvals	As defined in clause 10.20
RBI	Reserve Bank of India
RFP	Request for Proposal to be issued by the GOI in relation to the Proposed Transaction
RPKM	Revenue Passenger Kilometre
Scheduled Airline Operator	An Indian air transport undertaking which has a valid air operator certificate/ permit issued by DGCA to operate scheduled air transport services
SEBI	Securities and Exchange Board of India
SPA	Draft share purchase agreement
TA	Transaction Advisor
USD	United States Dollar
VDR	Virtual Data Room
Wilful Defaulter	As defined in Master Circular on Wilful Defaulters DBR.No.CID.BC.22/20.16.003/2015-16 issued by RBI on July 1, 2015, as amended, modified, or superseded from time to time

1. INTRODUCTION

1.1 Transaction Background

The Government of India (GOI) has given 'in-principle' approval for the Strategic disinvestment of AI by way of the transfer of management control and sale of 100% equity share capital of AI held by GOI which will include AI's shareholding interest of 100% in AIXL and 50% in AISATS. The GOI has appointed EY as its TA to advise and manage the Proposed Transaction. AI is a CPSE under the administrative control of the MOCA, GOI.

AI, wholly owned by GOI, is a company incorporated under the Companies Act, 1956 on 30th March, 2007 and is engaged in the business of certain air transport services and allied activities, operating both domestically and internationally.

As on 1st November, 2019, AI's authorized capital is INR 3,50,00,00,00,000 divided into 35,00,00,00,000 equity shares of INR 10 each and its paid up share capital is INR 3,26,65,21,00,000 divided into 32,66,52,10,000 equity shares held by the President of India (aggregating to 100% of the entire paid up share capital of AI).

The Shareholding of AI in AIXL and AISATS is as follows;

Company Name	% shareholding of AI	Nature of Business
AIXL	100%	AIXL has an Air Operator's Permit and provides air transportation services between India and certain destinations in Middle East and South East Asia and also within India
AISATS	50%*	AISATS provides ground handling and cargo handling services at airports situated at Delhi, Hyderabad, Bengaluru, Trivandrum and Mangalore

**Balance 50% is held by SATS Ltd.*

It is clarified that the following entities, which on the date of this PIM are subsidiaries of AI, will not be part of the Proposed Transaction and will be hived off (along with any receivables or payables related to these subsidiaries) through appropriate mechanisms which may be determined by GOI/AI, before the closing of Proposed Transaction.

Company Name	% shareholding of AI	Nature of Business
AIESL	100%	AIESL is a wholly owned subsidiary of AI, primarily involved in the maintenance, repair and overhaul of engines and airframe
AIATSL	100%	AIATSL is a wholly owned subsidiary of AI, primarily involved in ground handling and cargo handling services
HCI	80.4%	HCI is a subsidiary of AI which owns and operates two hotels in Delhi and Srinagar as well as the Chef air kitchen units in Delhi and Mumbai
AASL	100%	AASL provides connectivity to Tier II and Tier III cities in India and also links these cities to metro hubs

The shares of AI and its subsidiaries/ joint ventures are not listed on any stock exchange.

Contact Details for Clarifications

All enquiries related to the Proposed Transaction (submitted through email) should be addressed to the following representative of EY at the common email ID projectroyaleoi@in.ey.com

Mr. Kuljit Singh/ Mr. Sushi Shyamal Vemu
Partner, Ernst & Young LLP

All such enquiries should be emailed not later than the date mentioned in Clause 1.2. All communication shall clearly bear the following identification/ title:

"Queries/ Request for Additional Information: PIM for Strategic Disinvestment of Air India Limited"

IBs should note that all correspondence, enquiries, requests for additional information and clarifications in relation to the Proposed Transaction should be routed and addressed only to the TA at the above email address. Neither GOI nor the Company shall be responsible in any manner to reply to any communication directly to the IBs or to respond to any communication sent directly to them by the IBs.

All responses to queries will be provided without revealing the source of the query. Further, GOI, the Company and the TA, reserve the right to not respond to queries or clarifications sought and to not provide information in addition to the information provided herein.

The PIM, or any other clarifications and common communications would be available on the following websites:

i. Website of TA at http://www.ey.com/en_in/alerts-hub
ii. Website of AI at http://www.airindia.in
iii. Website of DIPAM at http://dipam.gov.in
iv. Website of MOCA at http://www.civilaviation.gov.in/

IBs are advised to check the above websites regularly for any updates on the Bid Process (defined below).

1.2 Important Dates

S. No.	Activity	Date	Time (Indian Standard Time)
1.	Publication of Advertisement and release of PIM	27th January, 2020	NA
2.	First day of submission of written queries on PIM and SPA	28th January, 2020	NA
3.	Last date for submission of written queries on PIM and SPA	11th February, 2020	23:59:59 Hrs

S. No.	Activity	Date	Time (Indian Standard Time)
4.	Last date for release of response to queries on PIM (and SPA, if so provided by the GOI at its discretion)	25th February,2020	17:00:00 Hrs
5.	Last date and time (**"EOI Deadline"**) for submission of EOIs	17th March, 2020	17:00:00 Hrs
6.	Intimation to the Qualified Interested Bidders (QIB)	31st March, 2020	17:00:00 Hrs

It is clarified here that the SPA would be uploaded in the VDR in Stage I of the Proposed Transaction. IBs can submit their written queries/comments on the SPA along with queries on PIM. However, in the sole discretion of GOI, responses to such SPA related queries/comments may be provided, partly in Stage I (and uploaded in the VDR) and balance responses may be provided in Stage II- RFP stage, wherein the SPA would be finalized.

The above dates may change at the discretion of GOI.

The detailed instructions for submission of EOI are set out in clause 10 of this PIM.

PART A

COMPANY OVERVIEW

2. COMPANY OVERVIEW

2.1 Company Profile

AI is India's flag air carrier with a significant market position in international and domestic operations. AI along with AIXL has ~ 50.64% share of the international traffic to/ from India among Indian carriers and ~ 18.4% share including global airlines (ex India) as of Q2 FY20. The two airlines combined control around 12.7% of the Indian domestic market as of Q2 FY20. AI is a member of the Star Alliance since July 2014. AI has pioneered India's civil aviation sector (first scheduled airline in India) and has a rich heritage of over 87 years.

AI is one of the most extensive flight service providers in India with network coverage of 98 destinations (56 domestic destinations with around 2,712 departures per week and 42 international destinations with around 450 departures per week) as on November 1, 2019. AI offers 75 additional destinations through its secondary network of code share operations covered under 25 code share agreements with foreign carriers. During FY 2019, AI carried around 22.1 Mn passengers and recorded operational revenues of ~INR 255,088 Mn.

AI has an aircraft fleet of 121 aircraft (excluding 4 B747-400 aircraft) as on 1st November 2019, mainly comprising Airbus and Boeing aircraft such as A-319, A-320, A-321, B-777 and B-787 out of which 65 are owned/ on finance lease/bridge loans, 21 are on sale and lease back model and balance 35 are on operating lease.

Air India Express Limited

AIXL is a low-cost carrier headquartered in Kochi. It is operated by Air India Express Limited (formerly known as Air India Charters Limited), a wholly owned subsidiary of AI. AIXL mainly provides air transportation services between India and destinations in Middle East and South East Asia. As of 1st November 2019, it has a fleet of 25 Boeing 737- 800 NG aircraft (10 owned, 7 on finance lease and 8 on dry lease). It operates 627 international departures per week connecting 13 international destinations and 20 domestic stations in India. International destinations covered by AIXL include Dubai, Sharjah, Abu Dhabi, Al Ain, Ras Al Khaimah, Muscat, Salalah, Doha, Kuwait City, Dammam, Riyadh, Bahrain and Singapore. On domestic routes, it has flights to/from Amritsar, Mumbai, Kozhikode, Coimbatore, Vijayawada, Kochi, Delhi, Chandigarh, Mangalore, Madurai, Jaipur, Lucknow, Chennai, Pune, Thiruvananthapuram, Tiruchirappalli, Varanasi, Bengaluru, Kannur and Surat.

Air India SATS Airport Services Private Limited

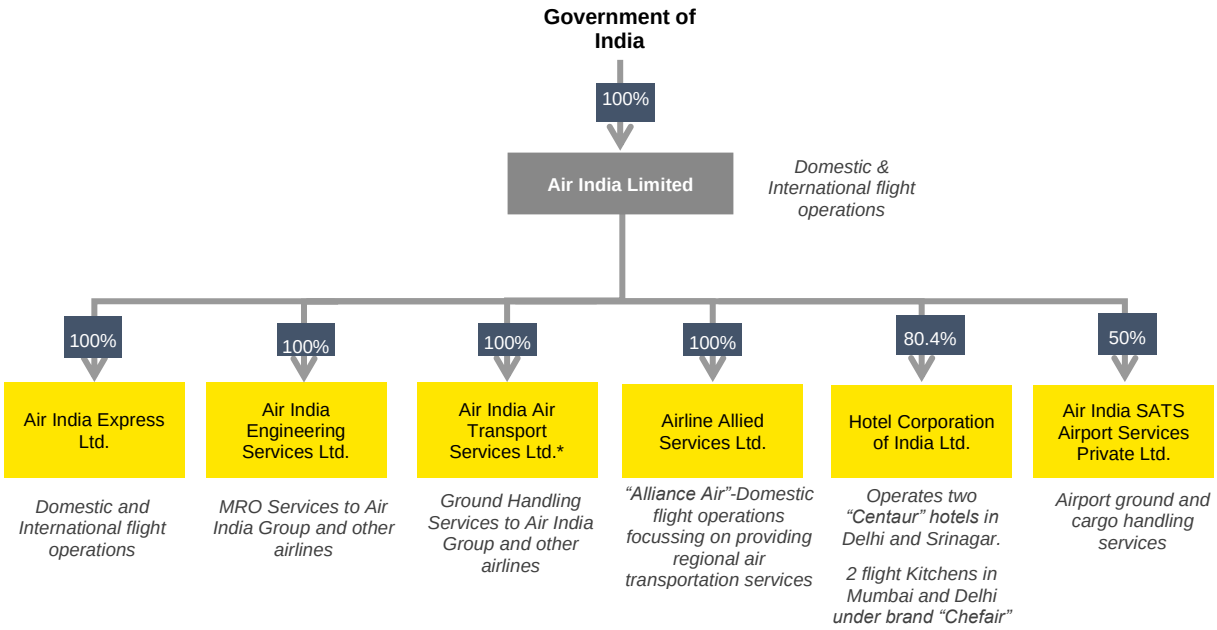
AISATS is a 50:50 joint venture between AI and SATS Limited, Singapore. SATS is a leading provider of food solutions and gateway services with over 70 years of ground handling and catering experience.

AISATS offers end-to-end ground handling services such as passenger and baggage handling, ramp handling, aircraft interior cleaning, load control and flight operations, and cargo handling services for general, perishable, trans-shipment, express courier and special cargo. AISATS currently provides its services to the customer airlines in international airports at Bengaluru, Delhi, Hyderabad, Mangalore and Trivandrum in India.

2.2 Current Organization Structure

As a part of the disinvestment, 100% equity stake in AI along with AI's 100% equity stake in AIXL and AI's 50% equity stake in AISATS is being disinvested by the Government of India. AI has interests in other entities (Air India Engineering Services, Air India Air Transport Services, Airline Allied Services and Hotel Corporation of India) which are in the process of being transferred to a separate company – Air India Assets Holding Limited ("AIAHL") and will not be a part of the Proposed Transaction.

Current Structure



**AIAHL has entered into a share purchase Agreement with AI for the purchase of AI's entire shareholding in Air India Air Transport Services Limited (AIATSL). The completion of the transfer of shares of AIATSL from AI to AIAHL is subject to customary conditions precedent. AI is currently in the process of taking necessary actions to satisfy the conditions precedent.*

2.3 Key Investment Highlights – AI and AIXL ("Combined Airline")

Highest market share in International Traffic (to/from India) and a strong domestic franchise	➢ Combined Airline is the leader in international travel market in India with an overall market share of ~18.4% (including foreign and Indian carriers) and ~50.64% share (considering only Indian carriers) as per Q2 FY 2020 ➢ Combined Airline has 3rd highest share (as per Q2FY2020) in domestic market (~12.7%) which acts as a feeder for international operations. A new investor can add significant capacity in the domestic market to increase the market share
Highest revenues among Indian carriers	➢ Combined Airline has the highest revenue (~INR 306,321 Mn in FY 2018-19) among Indian carriers, ~2.7% higher than the next player
Second highest ASKMs among Indian carriers	➢ Combined Airline has the second highest ASKMs (76,615 Mn in FY 2018-19) among Indian carriers, ~5.4% lower than the first player. The ASKM's are likely to increase significantly if the Aircraft on Ground are brought back to operations.
Second highest RPKMs among Indian carriers	➢ Combined Airline has the second highest RPKMs (60,341 Mn in FY 2018-19) among Indian carriers, ~13.6% lower than the first player
Second Highest EBITDAR among Indian carriers	➢ Combined Airline has the second highest EBITDAR (~INR 30,484 Mn in FY 2018-19) among Indian carriers
Demonstrated track record of profitability of AIXL	➢ Low Cost Carrier, AIXL, has achieved an average EBITDA Margin of ~25% in the last five financial years ➢ AIXL has consistently achieved profits for the last four financial years
Extensive network connecting all attractive/ key locations (as on November 1, 2019)	➢ Combined Airline has an extensive network connecting 45 international destinations and 57 domestic destinations, thereby enabling the Combined Airline to serve a large customer base and provide a wide reach ➢ AI offers 75 additional destinations through its secondary network of code share operations covered under 25 code share agreements with foreign carriers ➢ Further, with the development of Delhi (T3) as primary hub and Mumbai (T2) as secondary hub from 1st October, 2015, Combined Airline has the ability to provide seamless connectivity to passengers across sectors
Available bilateral rights	➢ Oldest scheduled carrier in India, the only wide body/long haul Indian operator having a huge repository of bilateral rights, both utilized and unutilized ➢ Huge potential for growth and increasing market share in international markets: scope for improvement in utilization of bilateral rights

Attractive slots at capacity constrained airports in India	➢ Combined Airline has slots at top domestic airports which are growth constrained due to airport infrastructure issues. This is a significant advantage compared to any new player looking to enter or an existing player looking to expand into the Indian market ➢ Slots can be utilized to take benefit of India's favorable geographic position in global air travel market and develop hub for international operations
Integrated Operations	➢ JV with AISATS provides in-house ground handling facilities at key metro airports – Delhi, Bengaluru, Hyderabad, Mangalore and Trivandrum allowing control over customer service and operational parameters
Upside from better operational performance	➢ Scope for improvement in aircraft utilization and load factor compared to other carriers. Potential for new investor to undertake operational improvement and realize improved profitability and increased returns
Reduced debt liability post disinvestment to help realize significant profitability	➢ Consolidated business in the past had a mix of real-estate and aviation interests. Government of India is now carving out real-estate assets and other businesses which are not integral to the core airline business into a separate SPV along with part transfer of certain debt and liabilities (modalities have been worked out) thereby resizing the balance sheet
Highest share of owned aircraft supported with a young fleet	➢ Combined Airline's fleet of 146 aircraft as of 1st November, 2019 comprises 78 Airbus and 68 Boeing aircraft ➢ Combined Airline owns (including finance lease) around 56% of its total fleet, in comparison to other Indian carriers who own very low number of aircraft o Owned fleet (including finance lease), purchased at attractive terms, would enable Combined Airline to offer cost competitive services going forward ➢ Average aircraft age is ~8 years for the Combined Airline while 27 Boeing(B-787) aircraft (of AI) with an average age of ~5 years and 27 Airbus (A-320 Neo, powered by CFM engines) aircraft (of AI) with an average age of ~2 years are among the youngest in the fleet ➢ Availability of a modern, large and fuel-efficient fleet allows Combined Airline to offer best in class services to customers and take benefit of significant expected growth in Indian aviation market
Frequent Flyer Programme	➢ Strong loyalty programme with 2.64 Mn members (As on 1st November 2019): scope for generation of additional revenue streams with significant value unlocking potential post strategic disinvestment

Uniquely positioned to leverage the untapped potential in the Indian airline industry	➢ Flag carrier with strong worldwide recognized brand, image existing for the last around 87 years: Extremely well placed to tap high growth aviation market (domestic traffic growth of over 18% between FY 2016 and FY 2019) ➢ Combined Airline has a dedicated well-trained manpower including pilots and cabin crew staff with deep technical and operational expertise ➢ Combined Airline has significant focus on recruiting, training and developing talent and has in-house training facilities at Hyderabad and Mumbai, with experienced trainers
Past Accumulated Losses / unabsorbed depreciation in AI	➢ Carried forward business losses (as per Income Tax Act) of around ~INR 406,280 Mn** and total unabsorbed depreciation (as per Income Tax Act) of around ~INR 354,173 Mn** in AI (IBs are advised to take their own tax advice on this aspect) *Note – The amount of unabsorbed depreciation is expected to reduce as certain assets / liabilities are being carved out to AIAHL*

*** Details as on March 31, 2019*

2.4 Key Investment Highlights – AISATS

Established profitable airport services provider with stable margins	➢ AISATS has been profitable for the last 5 years ➢ AISATS reported a PAT of INR 443 Mn with an attractive EBITDA margin (including other income) of 14% in FY 2018-19
Steady mix of business from AI and other players	➢ Air India group contributes to around 60% of the total business of AISATS in terms of number of flights and 45% in terms of revenue ➢ AISATS also serves other domestic and international airlines. Efforts are being made to increase the contribution from other airline operators
Business centered around the metro airports in India	➢ AISATS has Business Units (BUs) at Bengaluru, Delhi, Hyderabad, Mangalore and Trivandrum: with a large share of India's traffic originating from these stations, AISATS is strategically located to provide excellent and time-bound services to both domestic and international players ➢ AISATS owns a general cargo warehouse building at Bengaluru ➢ AISATS has also set up a cool port facility at Bangalore for handling perishable products
Significant expected growth in the business in the coming years	➢ With the expected growth in the passenger traffic and fleet size of Indian carriers, India is expected to be the fastest growing market in next 20 years ➢ Government plans to invest, and upgrade airport infrastructure will provide a significant boost to the ground-handling industry ➢ With the knowledge of the market and best in-class services, AISATS is well-positioned to sustain its market leadership position in the growing Indian market
Partnership with renowned player in the industry	➢ Partnership with SATS, a world-class ground-handler with over 70-years of experience and presence in 44 airports across 12 countries, adds to the strengths of AISATS ➢ Successful collaboration to continuously improve the services to help maintain its key position in Indian market

AIR INDIA

3. AIR INDIA LIMITED - COMPANY DETAILS

3.1 History

AI represents the merged company, which came into existence post the amalgamation of Indian Airlines Limited and AI on 1st April 2007. The amalgamated company was known as National Aviation Company of India Limited (NACIL). The name of the company was changed to "Air India Limited" with effect from 24th November 2010. AI has a rich heritage of over 87 years (set up in 1932) and has pioneered India's civil aviation sector (first scheduled airline in India).

3.2 Registration Details

Table 1: Company Registration Details of AI

Particulars	Details
Name	Air India Limited
Constitution	Public Limited Company
Date of Incorporation	30th March, 2007
Registered Office	Airlines House, 113, Gurudwara Rakabganj Road, New Delhi - 110001
CIN Number	U62200DL2007GOI161431

3.3 Capital Structure

AI is 100% owned by the Government of India.

Table 2: Capital Structure of AI as on 1st November 2019

Particulars	No. of Equity Shares (Mn)	Share Capital (INR Mn)
Authorized Share Capital	35,000.00	3,50,000.0
Issued, Subscribed & Paid-up Share Capital	32,665.21	3,26,652.1

** Face value of each Equity Share is INR 10*

3.4 Board of Directors

The board of directors of AI, as on 1st November 2019, comprises the following members:

Table 3: Board of Directors of AI

S. No.	Name and Designation	DIN
1.	Mr. Ashwani Lohani - Chairman and MD	01023747
2.	Mr. Praveen Garg – Additional Secretary & Financial Advisor, MoCA	00208604
3.	Mr. Satyendra Kumar Mishra - Joint Secretary, MoCA	07728790
4.	Mr. Vinod Hejmadi - Director – Finance	07346490
5.	Dr. Ravindra Kumar Tyagi - Independent Director	01509031
6.	Dr. Syed Zafar Islam - Independent Director	07860837
7.	Mr. Kumar Mangalam Birla, Independent Director	00012813
8.	Mrs. Daggubati Purandeswari, Independent Director	08255351

3.5 Key Management Personnel

Brief details of the Key Management Personnel of the AI are as given below.

Table 4 : Key Management Personnel of AI as on 1st November 2019

S. No.	Name	Designation	Qualification	Years of Experience
1.	Mr. Ashwani Lohani	Chairman and Managing Director	Mechanical Engineer, Electrical Engineering, Metallurgical Engineering, Electronics & Telecommunication Engineering.	39
2.	Mr. Vinod Hejmadi	Director - Finance	B.Com. & CA	31
3.	Ms. Amrita Sharan	Director – Personnel (Additional Charge)	BA (Eco Hon) & MBA	29
4.	Ms. Meenakshi Mallik	Director - Commercial (Additional Charge)	B.Sc.(Hons.) & MBA (Mktg.)	29
5.	Capt. Amitabh Singh	Director Operations (Additional Charge) & Executive Director-Training	10+2 & ALTP, Commander on B-787	31
6.	Capt. A.S. Soman	Executive Director – Headquarters	10+2 & ALTP, Commander on B-787, Instructor - B-787	34
7.	Ms. Harpreet A.De. Singh	Executive Director (Flight Safety), Heading Safety & Quality Control	B.Com. & CPL	25
8.	Mr. Prem Singh Negi	Regional Director (Northern Region)	B.Sc. & MBA	32
9.	Capt. A. Kathpalia	Executive Director - Special Project	BA (Economics), ALTP, Commander on B-787	31
10.	Ms. Aruna Gopalakrishnan	Executive Director - Corporate Affairs	BA (Sociology) & MSW	29
11.	Ms. Kalpana Rao	Executive Director Finance & Company Secretary	B.Com., CA & Company Secy.	31
12.	Mr. K.S. Rao	Executive Director-Finance	M.Com. and CA	31
13.	Mr. Madhu C. Mathen	Executive Director – In Flight Services	MBA	26
14.	Mr. Arun Kumar Bansal	Executive Director - Engineering	BSc., Diploma in AME, MBA (HR)	31

S. No.	Name	Designation	Qualification	Years of Experience
15.	Mr. D. Bose	Executive Director – Security (Officiating)	Msc.	30
16.	Ms. C N Hemlatha	Regional Director – Southern Region (Officiating)	CA, ICWA	30
17.	Capt. Rajwinder S. Sandhu	Executive Director - Operations (Officiating)	Matriculation, ALTP B-787, Examiner B-787	33
18.	Mr. Mukesh Sareen	Executive Director (IT) (Officiating)	B.E. (Electronics & Communication)	33
19.	Mr. Nirbhik R. Narang	Executive Director (Cargo) Officiating	MBA (Marketing)	29
20.	Ms. S K Singh	Executive Director -Finance (Officiating)	B.Com & CA	27
21.	Mr. Ravi. O. Bodade	Regional Director (Western Region) (Officiating)	B.Sc. (Mathematics), Master of Management Studies (Marketing)	28
22.	Mr. Sanjay Mishra	Regional Director (Eastern Region) (Officiating)	B.Sc., MBA (Marketing)	32
23.	Mr. Vivek Palwankar	Executive Director –Material Management (Officiating)	B.Chem - Engineering, Masters Management Studies (M.M.S) – Operations Research	28

3.6 Fleet Size

AI has a total of 121 aircraft as on November 1, 2019. The details of the fleet are in the table below:

Table 5: AI Fleet

Aircraft Type	Owned	Finance Lease	Sale & Leaseback	Dry Lease	Total Aircraft	Seating Capacity	Average Age
Total Fleet							
Wide Body							
B777-200LR	-	3**	-	-	3	238	10.26
B777-300ER	1	12**	-	-	13	342	9.95
B787-800	6	-	21	-	27	256	5.17
Wide Body Total	***7***	***15****	***21***	**-**	***43***		
Narrow Body							
A320-214 (CEO)	4	-	-	-	4	150	9.64
A320-214 (CEO)	-	-	-	5	5	180	4.38
A320-NEO	-	-	-	27	27	162	1.61
A320	**4**	**-**	**-**	**32**	**36**		
A319-100	-	-	-	3	3	144	13.93

Aircraft Type	Owned	Finance Lease	Sale & Leaseback	Dry Lease	Total Aircraft	Seating Capacity	Average Age
A319-112	11	8**	-	-	19	122	11.4
A319	**11**	**8****	**-**	**3**	**22**		
A321	**10**	**10****	**-**	**-**	**20**	182	10.94
Narrow Body Total	***25***	***18****	**-**	***35***	***78***		
Total AI Fleet	***32***	***33***	***21***	***35***	***121***		
Grounded Aircraft* *(included in the computation of Total Fleet above)*							
B777	2	-	-	-	2		
B787-8	3	-	-	-	3		
A319	6	1	-	-	7		
A321	5	1	-	-	6		
Total Grounded Aircraft*	**16**	**2**	**-**	**-**	**18**		
Aircraft awaiting deregistration *(not included in the computation of Total Fleet above)*							
A320 (Classic)#	-	7	8	-	15		

** included within the Total AI Fleet*
***15 B-777, 8 A-319 and 10 A-321 are no longer under Finance Lease as the loan has been fully paid and the process to transfer the title of aircraft to AI is under process.*
 # withdrawn from operations and awaiting deregistration
Please Note - As on November 1, 2019, AI has additional 4 B747-400 aircraft which are not reflected in the above table as these 4 aircraft are proposed to be transferred to AASL prior to the completion of the Proposed Transaction

3.7 Network

Domestic

AI currently operates flights to 56 Indian cities. A broad overview of the cities connected by AI's domestic network is provided in the table below:

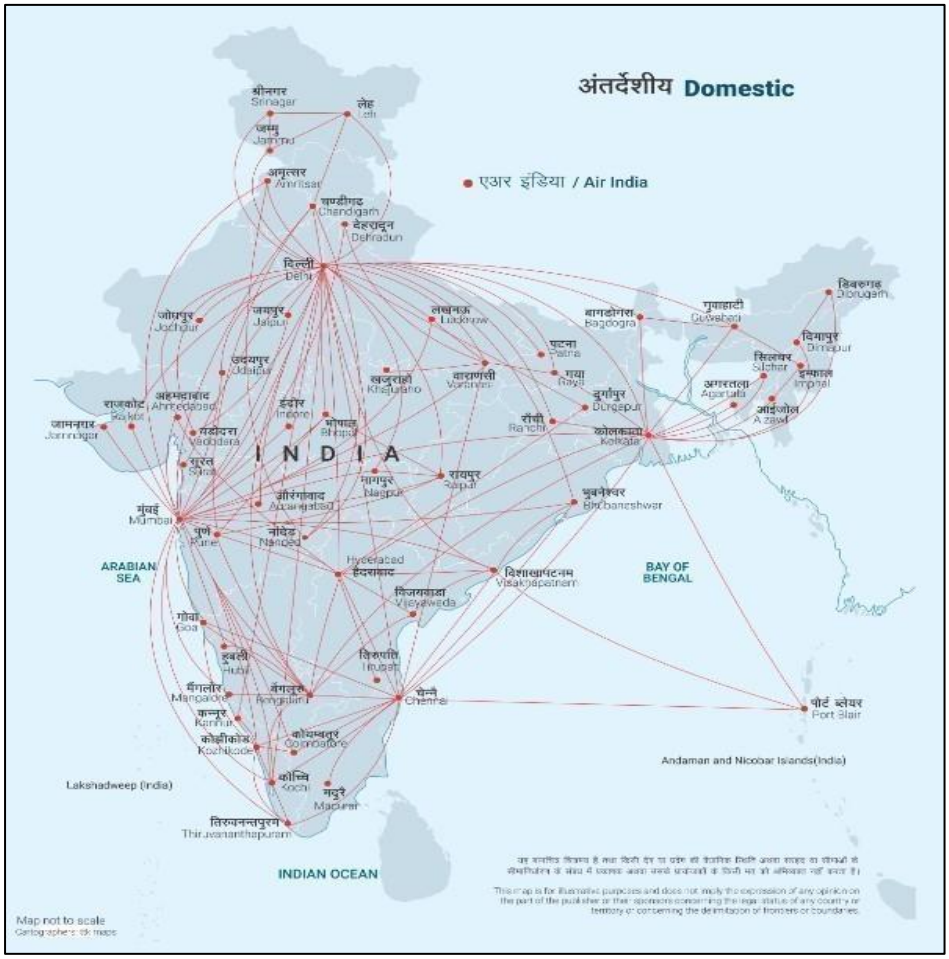
Table 6: Domestic Points of Call for AI as of 1st November 2019

Region	Destination	Total Domestic Destinations	Domestic Departures per week*	% of Domestic Flights
Northern Region	Amritsar, Bhopal, Chandigarh, Delhi, Indore ,Jaipur, Jammu, Jodhpur, Khajuraho, Leh, Lucknow, Raipur, Srinagar, Udaipur, Varanasi, Dehradun	16	1,029	37.9
Eastern Region	Agartala, Aizawl, Bagdogra, Bhubaneswar, Dibrugarh, Dimapur, Duragapur, Gaya, Guwahati, Imphal, Kolkata, Patna, Port Blair, Ranchi, Silchar	15	424	15.6
Western Region	Ahmedabad, Jamnagar, Mumbai, Nagpur, Pune, Rajkot, Surat, Vadodara, Goa, Aurangabad, Nanded	11	653	24.1
Southern Region	Bengaluru, Chennai, Coimbatore, Kannur, Hyderabad, Kochi, Kozhikode, Madurai, Hubli, Mangalore, Thiruvananthapuram, Tirupati, Vijayawada, Visakhapatnam	14	606	22.4
Total		**56**	**2,712**	**100.0**

**Note: Domestic departures also include the charter flights operated by AI and the domestic leg of international flights hub and spoke flights.*

Detailed break-up of the departures may be provided during the RFP Stage.

Figure 1: Domestic Network of AI (winter schedule 2019)



It may be noted that Route Dispersal Guidelines (RDG) on domestic routes have been laid down by the Ministry of Civil Aviation, India. These guidelines stipulate that all pan-India scheduled airline carriers operating on Category (CAT) – I routes are required to deploy their capacity in the other categories in the following way:

- CAT -II routes: Minimum 10% of the capacity deployed on CAT -I routes
- CAT -IIA routes: Minimum 1% of the capacity deployed on CAT-I routes
- CAT-III routes: Minimum 35% of the capacity deployed on CAT-I routes

AI independently complies with the above mentioned RDG requirements.

International

AI currently serves 42 international destinations and has the largest market share on international routes among Indian carriers.

A broad overview of the destinations connected by AI international network is provided in the table below:

Table 7: International Points of Call for AI as of 1st November 2019

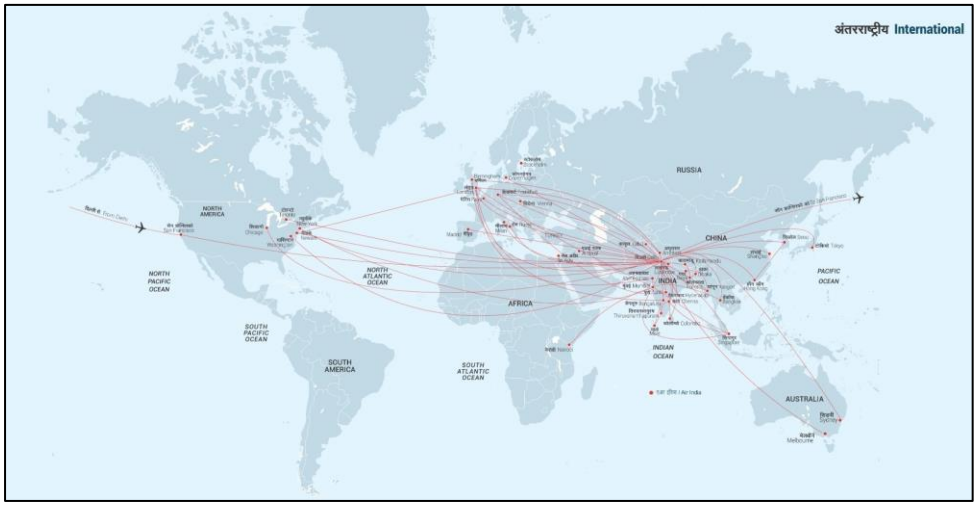
Region	Destination	Total International Destinations	International Departures per week	% of International Flights
USA and Canada	Chicago, Newark, New York, San Francisco, Washington and Toronto	6	36	8.0
UK	London (Heathrow & Stansted) and Birmingham	2	37	8.2
Europe	Paris, Copenhagen, Madrid, Milan, Rome, Stockholm, Vienna and Frankfurt	8	38	8.4
South East Asia	Bangkok and Singapore	2	56	12.4
Far East Asia	Hong Kong, Melbourne, Sydney, Seoul, Shanghai and Tokyo	6	28	6.2
Gulf and Middle East	Abu Dhabi, Dammam, Dubai, Jeddah, Bahrain, Kuwait, Muscat, Riyadh, Sharjah, Al Najaf, Tel Aviv and Doha	12	179	39.8
SAARC	Colombo, Dhaka, Kabul, Kathmandu, Male and Yangon	6	76	16.9
Total		**42**	**450**	**100.0**

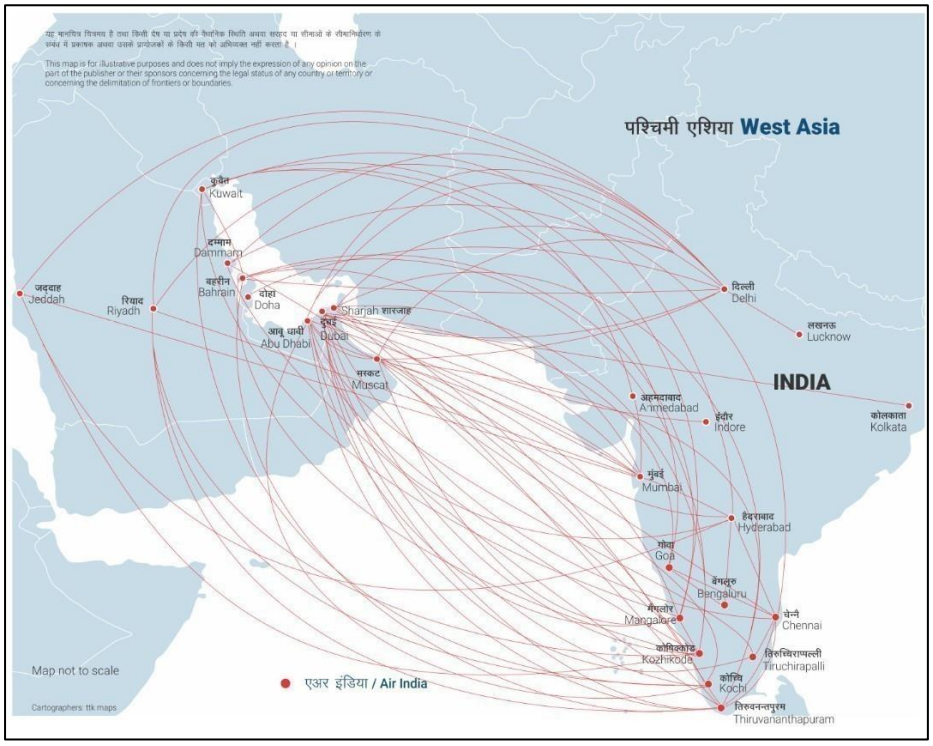
Please Note – Nairobi has been added to AI's international network effective from November 27, 2019

Table 8: Indian airports from where AI has international departures

Region	Destination	Total Destinations	International Departures per week
India	Ahmedabad, Amritsar, Bengaluru, Chennai, Delhi, Gaya, Goa, Hyderabad, Indore, Kochi, Kolkata, Kozhikode, Mumbai, Thiruvananthapuram, Varanasi,	42	450
Total			**450**

Figure 2: International Network of AI (winter schedule)





3.8 Operations

Table 9: Market share of AI and AIXL for Q2 FY20

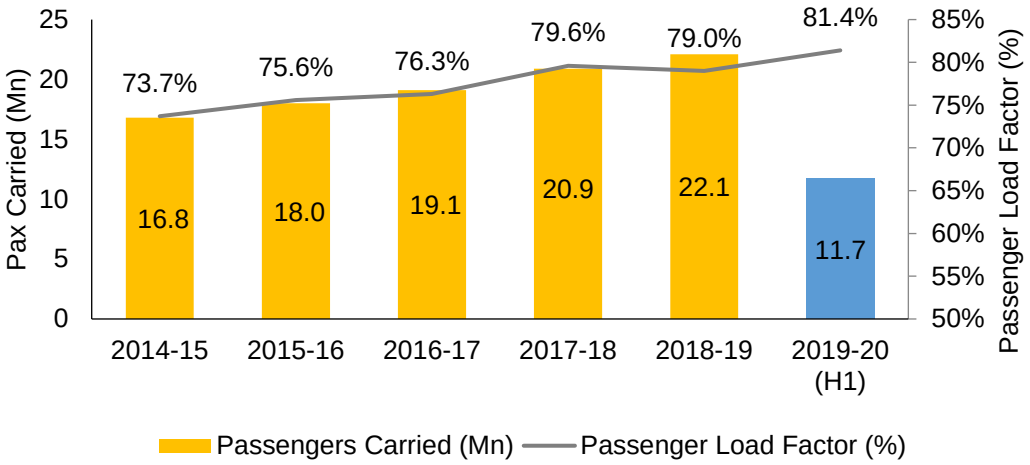
Company	Domestic Market Share	International Market Share (considering Indian and Foreign Air Carriers)	International Market Share (considering only Indian Air Carriers)
AI	12.61%	11.37%	31.32%
AIXL	0.12%	7.01%	19.32%
Total	**12.72%**	**18.38%**	**50.64%**

Source: DGCA (for Domestic data) & DDS (for International data)

Note: The International market share of all Indian air carriers (based on number of passengers) is around 36.29% and AI with AIXL controls 50.64% of this Indian Air Carrier market share.

The operating performance of AI is provided below:

Figure 3: Operating Performance of AI for the last 5 years



Source: Annual Reports. The data for the period 2019-20 is for the six months ending September 30 2019

The key operating parameters of AI are provided below:

Table 10: Year-wise Select Operating parameters for AI

S. No.	Indicator	FY2015	FY2016	FY2017	FY2018	FY2019
1	Fleet Size (As on 31st Mar)	95	109	104	120	127
2	Number of Departures	139,435	142,259	147,690	153,499	163,680
3	ASKM (Mn)	49,050	51,517	54,519	57,943	62,442
4	RPKM (Mn)	36,000	38,695	41,316	45,970	49,064
5	Daily Aircraft Utilization on Total Fleet (Hours)	10.30	10.31	11.02	10.58	10.86
6	RASK* (INR/ASKM)	4.0	3.9	4.0	4.0	4.1
7	CASK[1] (INR/ASKM)	4.6	3.9	4.0	4.3	4.8
8	CASK – Ex Fuel (INR/ASKM)	2.9	2.7	2.9	3.0	3.2
9	Yield# (INR/RPKM)	4.4	4.0	3.9	3.9	4.2

Source: AI
** Computation based on operating revenue*
 # Computation based on Passenger revenue
[1] Computation based on operating cost

It may be noted that as per the guidelines issued by Ministry of Finance, India *(vide office memorandum dated July 13, 2009 including subsequent amendments)*, in cases of air travel on official account (both domestic and international) by the government employees, where the GOI bears the cost of air passage, the official concerned may travel only by AI. However, post strategic disinvestment of AI, this condition/requirement (governing travel by government employees) shall not continue to be applicable.

3.9 Employee Strength

The total permanent employees of AI as on 1st November 2019 were 9,426. Additionally, AI also employed contract employees, casual employees etc., as per

the details mentioned below:

Table 11: Break-up of AI Employees as on 1st November 2019#

Particulars	Permanent Employees	Contract Employees	On Deputation Employees from other companies	Casual Workers (Engaged on daily basis)	Casual Workers (Total Pool available)	Others
AI	9,426*	4,201	2,867^	662	3,805	403**

**Includes 948 employees on deputation to other companies/agencies*

^ 2637 contractual employees on deputation from AIATSL, 26 contractual employees from AIXL, 202 employees from AIESL (deployed for Continuing Airworthiness Management Organization (CAMO) functions) and 2 on deputation from other organizations.

***Includes 201 local employees recruited at foreign stations and 202 employees are engaged on post retirement contractual engagement*

#Please note that the number of AI employees is expected to reduce as the employees associated with 4 B747-400 aircraft are proposed to be transferred to AASL, prior to the completion of the Proposed Transaction. Additional details may be provided at the RFP stage

The contract employees are employed by AI typically for a period of around 3-5 years. IBs are advised to undertake their own due diligence on the terms of the contracts.

The casual workers are workers directly engaged by AI based on the business requirement from a defined pool. As of 1st November 2019, 662 casual workers are engaged by AI (including 32 in Company headquarters in New Delhi and 255 in Northern Region engaged on fixed basis without rotation and accordingly, not included in the pool). There is a total casual pool available of 3,805 workers in Eastern, Western and Southern regions. No casual pool is maintained for headquarters and Northern region.

Table 12: Indicative Position-wise Employee details as on 1st November 2019

Particulars	No. of employees
Executive (AGM and above)	
Pilots	287
Flight Operations Officers	41
General Category Officers	456
Officers (AM to Senior Manager above)	
Cabin Crew Officers	668
Flight Operations Officers	70
General Category Officers	2817
Workmen	
Line Pilots	1587
Cabin Crew	3980
Technicians	38
Clerical/ Unskilled	3685
Locally recruited at Foreign stations	201
Employees engaged post Retirement	202
Total	**14,032***

**Note: Excludes 2,865 employees on deputation from AIATSL, AIESL and AIXL. However, the above figures of 14,032 include 2 employees on deputation from GOI.*

Approx. 36.05% of the permanent employees of AI will be retiring in the next 5 years. Below is an indicative break-up of the same:

Table 13: Indicative List of Permanent Employees Retiring in next 5 years

Particulars	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	TOTAL
Permanent Employees Retiring	299	750	782	814	754	**3,399**

Note: The above is an indicative list only, detailed list shall be provided at RFP stage.

The following summarizes the broad list of benefits being provided to AI employees, as of 1st November 2019:

Table 14: List of select benefits provided to AI employees

Benefits	Permanent	Retired Permanent	Contract
Passage entitlements[1]	✓	✓	✓
Provident fund[2]	✓		✓
Gratuity[3]	✓		✓
Encashment of Privilege Leave[4]	✓		✓
Self - Contributory Pension Scheme[5]		✓	
Encashment of Sick Leave[6]		✓	
Medical facilities[7]	✓	✓	✓
Holiday home[8]	✓	✓	
Long- Service Memento[9]	✓		
Retirement Gift[10]		✓	

Note: In addition to the above benefits, housing allotment facility is extended to employees in cities where AI has its own housing accommodation and the allotment is made to eligible employees subject to availability of the same

[1]**Passage entitlement polic**y of AI, provides the employees (including retired employees) and their families the benefits of subsidized travel on AI operated flights as industry practice and to contract employees, if applicable, as per their contract.
[2]**Provident fund**- during the service, employer contributes 10% of employee's basic pay plus dearness allowance and an equal amount is contributed by the employee. There is a provision of voluntary subscription by the employee.
[3]**Gratuit**y – Employee is eligible for Gratuity on completion of 5 years of service or more as per Payment of Gratuity Act.
[4]**Privilege Leaves** – Entitlement is 30 days per calendar year. Encashment is subject to a maximum encashment of 300 days and subject to approval. Similar benefit is also available to few category of contract employees based on the terms of contract.
[5]**Self -Contributory Pension Scheme** – Employees contribute to accumulate corpus during the service. Annuity Insurance is purchased through Life Insurance Corporation. On retirement, monthly retirement pension is distributed through the same, however, an employee can commute 2/3rd of his/her share
[6]**Encashment of Sick Leaves** –Sick leave standing to the credit of all existing permanent employees as on 01.07.2012 stands frozen and the employees are allowed to encash the balance leaves (up to 120 days) only at the time of retirement, provided he/she has not availed any leave from the frozen leave account.
[7]**Medical Facilities** –
i) For serving employees: Entitled for full medical facilities. Voluntary family medical scheme with monthly contributions made by the employees. FTC are entitled for medical benefits for self based on monthly contribution.
ii) For Retired employees: Voluntary scheme with one-time contribution made by the employee, covers employee and spouse.
[8]**Holiday home facilit**y – AI has agreements with various hotels/tourism development corporations wherein AI employees (permanent and retired) are provided with subsidized room rentals, value added services and access to other facilities. Employees can apply for the facility for themselves or on behalf of their spouse.
[9]**Long- Service Memento** – Employees completing 25 years of satisfactory service are given long-service memento (wrist watch and a certificate) on 27th August each year
[10]**Retirement Gift** – Sum of INR 5000 payable towards retirement gift to employees who have completed 25 years of satisfactory service and INR 3000 for those who have completed less than 25 years

Further details of the benefits may be provided as a part of the RFP. An actuarial valuation has been undertaken to estimate the current accrued liability as well as unfunded portion of such liability, if any. The results of such actuarial valuations shall be provided in the VDR.

Indicative business function wise Employee details for AI as on 31st March, 2019 and respective annual expenses incurred are shown below:

Table 15: Indicative position-wise Employee details (split across permanent employees and Fixed Term Contract and excluding casual workers, locally recruited employees at foreign stations and employees engaged post retirement) as on March 31 2019 (after office hours)

Particulars	Permanent Employees	Fixed Term Contract (FTC)	Total Number of Employees	Total Expense (INR Mn)
Pilots & Co-Pilots	1,318	566	1,884	12,079
Cabin Crew Attendants	1,703	2,325	4,028	5,986
Ticketing & Sales Personnel	1,989	17	2,006	3,208
All other Personnel*	4,982	408	5,390	8,778
Total	**9,992**	**3,316**	**13,308**	**30,052**

**includes General Category Officers (including Executive), Clerical and Unskilled employees besides the categories mentioned above and also includes 3 employees on deputation from GOI*

Indicative business function wise employee details for AI as on 1st November, 2019 are shown below:

Table 16: Indicative position-wise Employee details (split across permanent employees and Fixed Term Contract and excluding casual workers, locally recruited employees at foreign stations and employees engaged post retirement) as on 1st November 2019

Particulars	Permanent Employees	Fixed Term Contract (FTC)	Total Number of Employees
Pilots & Co-Pilots	1,308	566	1,874
Cabin Crew Attendants	1,625	3,023	4,648
Ticketing & Sales Personnel	1,861	12	1,873
All other Personnel*	4,634	600	5,234
Total	**9,428**	**4,201**	**13,629**

**includes General Category Officers (including Executive), Clerical and Unskilled employees besides the categories mentioned above and also includes 2 employees on deputation from GOI*

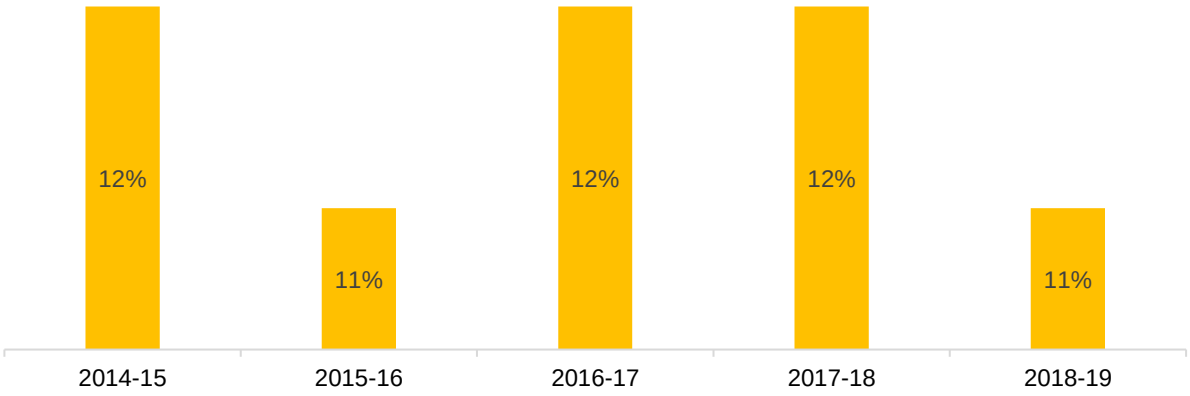
The employees' dues of ~INR 13,837 Mn on account of Justice Dharamadhikari Commission Report (included in Other Financial Liabilities shown in FY 2018-19 B/S of AI as part of Current Liabilities) is in the nature of past arrears and AI/ Air India Asset Holding Ltd. will commit to pay the same at the appropriate stage before/on closing of the Proposed Transaction.

Additionally, a provision of INR 2,076.3 million (included in Other Financial Liabilities shown in FY 2018-19 B/S of AI as part of Current Liabilities) towards wage arrears accruable to employees working on Narrow body fleet, has been made in the books of accounts of AI. There are arbitration awards on this issue which have been challenged by AI. The final amounts payable by AI on account of the pending cases on the wage arrears payable to employees working on Narrow body fleet, may

include interest on wage arrears, subject to the order(s) of the Court. Further details on the matter, including the treatment of this liability, may be provided at the RFP stage.

A comparison of the employee cost as % of revenue for AI the last 5 years is provided below:

Figure 4: Employee Expenses % of Total Revenue of AI for FY2015-19

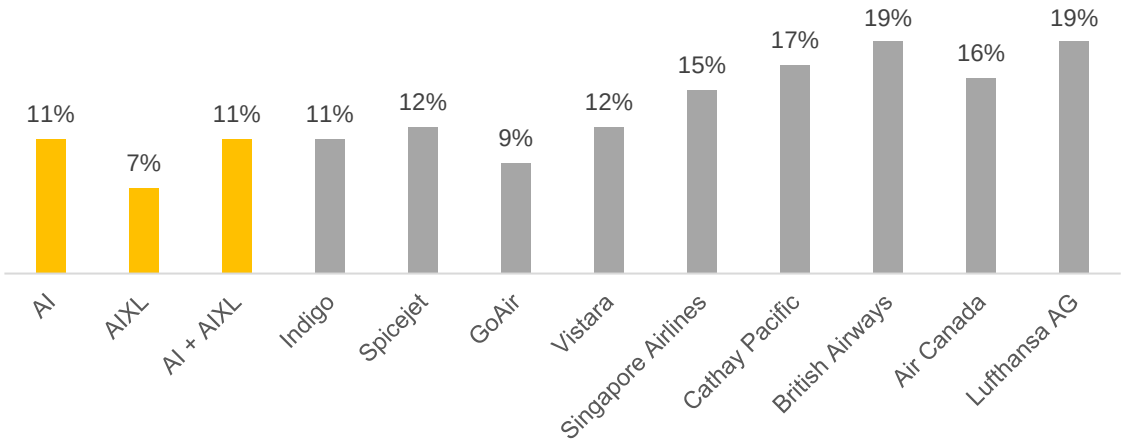


Note: Employee Cost of AI for 2018-19 is based on the FY19 financials. However, certain employees currently on deputation with other companies may return to AI and employees on deputation from other organizations to AI may return to their parent organizations, thereby impacting the employee cost. Also, the cost as % of total revenue for AI may reduce on account of transfer of employees associated with 4 B747-400 aircraft (as mentioned in the note to Table11)

A comparison of the AI employee cost:

i) as a percentage of revenues and comparison thereof with other Indian and international air carriers for FY2019/FY2018/CY2018 as applicable, is provided below:

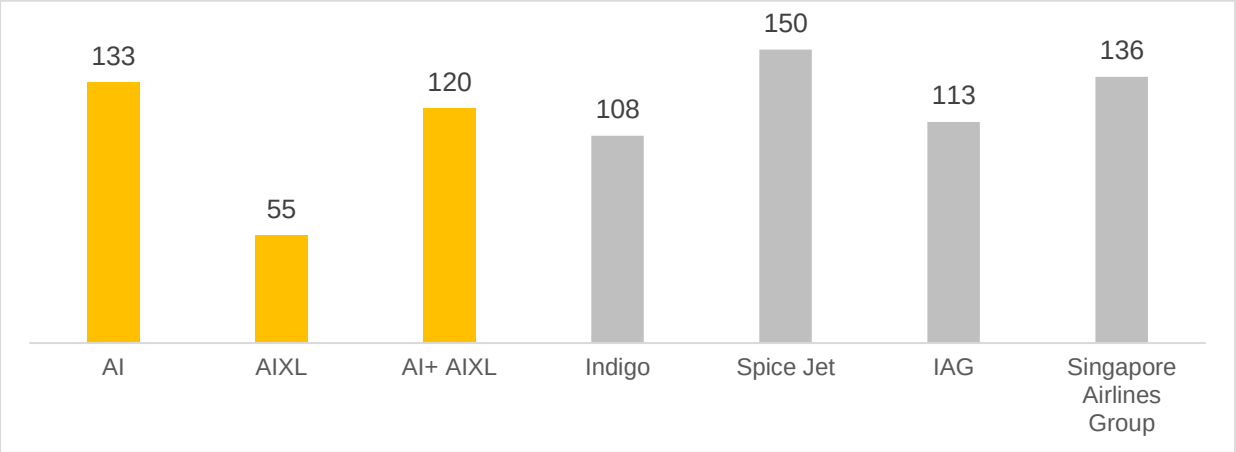
Figure 5: Employee Cost as a % of Total Revenue for various airlines for FY2019/ FY2018/CY2018 as applicable



Source: Annual Reports, S&P Capitaliq, EY Estimates;
Note: Please refer to note to Figure 4 for AI costs

ii) in terms of employees per aircraft of AI and comparison thereof with other Indian and international air carriers for FY2019/FY2018/CY2018 as applicable, is provided below:

Figure 6: Employee per Aircraft for various airlines for FY2019/ FY2018/CY2018 as applicable



Source : Annual Reports, S&P Capitaliq

3.10 Assets

3.10.1 Fixed Assets (*to be available on right to use basis*)

As on date, AI is in physical possession and use of various land and buildings that are presently owned by AI or against payment of rent to the land owner/lessor/licensor.

i) Licensed Fixed Assets from MIAL

AI *inter alia* licenses the following land parcels from MIAL. It is proposed that subject to signing of definitive documents with MIAL, AI will continue to possess and will have the right to use the following land and buildings (with distinct and demarcated ingress and egress rights), for a period 6 months, from the date of closing of the Proposed Transaction, on similar terms and conditions made available to AI prior to the disinvestment. It is clarified that during as well as post completion of such period of 6 months, AI shall continue to own the civil structure along with the movable assets (including simulator, Operation training and Air Safety/Commercial Training facility) in such land and buildings. Additional details to be provided at the RFP stage.

Table 17: Land parcels licensed from MIAL

Sl. No.	Location	Land Area (Square Meters)	Built up Area (Square Meters)
Land and Buildings at Airport			
MUMBAI AIRPORT			
1	LMD Hangar, Mumbai	11,285	15,621

Sl. No.	Location	Land Area (Square Meters)	Built up Area (Square Meters)
2	Air India Complex, Old Airport, Santa Cruz(East), Mumbai (where Operations, Finance, MMD, Space Control, Personnel and Other Departments are housed)	34,125	35,859
3	Building related with Operations Training (including 747 Simulator, Operation training and Air Safety/Commercial Training)	18,552	17,793
4	Mock up building (Land and building both leased from MIAL)		

ii) Licensed Fixed Assets from DIAL

AI inter alia licenses the following land parcels from DIAL. It is proposed that subject to signing of definitive documents with DIAL, AI will continue to possess and will have the right to use the following land and buildings (with distinct and demarcated ingress and egress rights), for a period 6 months, from the date of the closing of the Proposed Transaction, on similar terms and conditions made available to AI prior to the disinvestment. It is clarified that during as well as post completion of such period of 6 months, AI shall continue to own the civil structure along with the movable assets in such land and buildings. Additional details to be provided at the RFP stage.

Table 18: Land parcels licensed from DIAL

Sl. No.	Location	Land Area (Square Meters)	Built up Area (Square Meters)
Land and Buildings at Airport			
DELHI AIRPORT			
1	One A320 Hangar at IGIA airport, Terminal 2.	3,072.00	3072.00
2	Building Complex ,GSD Terminal 2	39,347 (AI-26,628 AISATS-12,719)	16,146 (AI-14,498 AISATS-3,027 AIATSL-1,325)

iii) Presently owned Fixed Assets

The following land and buildings are currently owned by AI, however, these will not form part of the Proposed Transaction and are proposed to be transferred to AIAHL. Subject to requisite approval/no-objection certificates and completion of transfer to AIAHL, AI will have right to use the following properties, on such terms (subject to agreement between AI and AIAHL) as may be specified, for a period of two years. It is clarified that during as well as post completion of such period of two years, except for civil structures along with associated generators, lifts and centralized AC

(which will be transferred to AIAHL), AI shall continue to own other movable assets in these land and buildings like simulator, computers/office equipment/furniture and fixtures. Additional details to be provided at the RFP stage.

Table 19: Land and Buildings owned by AI

Sl. No.	Location	Land Area (Square Meters)	Built up Area (Square Meters)
Land and Building owned by AI			
1.	**CORPORATE OFFICE** Airlines House, Gurudwara Rakabganj Road, New Delhi.	3,100	7,000
2.	Central Training Establishment- Hyderabad- housing Simulators, Cabin Crew Training School, Engineering Training School, Management Training Centre, Commercial Training Centre, Hostels, etc.	64,752	23,100
3.	Airlines House, Kolkata	1,120	8,612

All other land and buildings owned, leased, licensed or possessed by AI (including ownership of Airline House, Delhi, Airline House, Kolkata and Central Training Establishment- Hyderabad in which only movable assets including simulator in Central Training Establishment- Hyderabad shall be owned by AI as mentioned in paragraph above) constitute part of non-core assets and shall not form part of the Proposed Transaction.

AI is in the process of commencing the necessary formalities, as per extant regulations, for the purpose of transferring the non-core assets to AIAHL.

Additional details of assets/land will be available in the VDR.

3.10.2 Other Assets

AI is in possession of various articles of arts, paintings, objects and artefacts. These are not a part of the Proposed Transaction.

3.11 Slots, Bilateral Flying Rights and Code Share Arrangements

It is clarified that slots and bilateral flying rights being utilized by AI and AIXL, as on the date of PIM, shall continue with AI and AIXL, post disinvestment, for a period of at least six months.

In addition to the bilateral flying rights and slots allotted to and utilised by AI/AIXL, as of the date of the PIM, the bilateral flying rights and slots allotted to and unutilised by AI/AIXL, as on the date which is one month prior to the date of submission of financial bid, shall also continue with AI/AIXL, post disinvestment, for a period of at least six months.

Post the expiry of the aforementioned period, based on actual utilization by AI and AIXL (post disinvestment), continued availability of such bilateral flying rights/slots

shall be as per applicable MOCA/DGCA/sector regulations as relevant. Additional details shall be provided at the RFP stage.

i. Domestic Slots (Arrival and Departures) utilized by AI

Table 20: List of Domestic Slots per week utilized by AI as of 1st November 2019

Region	Airports	Slots Utilized
Northern Region	Amritsar, Bhopal, Chandigarh, Delhi, Indore, Jaipur, Jammu, Jodhpur, Khajuraho, Leh, Lucknow, Raipur, Srinagar, Udaipur, Varanasi, Dehradun	1,734
Eastern Region	Agartala, Aizawl, Bagdogra, Bhubaneswar, Dibrugarh, Dimapur, Durgapur, Gaya, Guwahati, Imphal, Kolkata, Patna, Port Blair, Ranchi, Silchar	777
Western Region	Ahmedabad, Jamnagar, Mumbai, Nagpur, Pune, Rajkot, Surat, Vadodara, Goa, Aurangabad, Nanded	1,006
Southern Region	Bengaluru, Chennai, Coimbatore, Kannur, Hyderabad, Kochi, Kozhikode, Madurai, Hubli, Mangalore, Thiruvananthapuram, Tirupati, Vijayawada, Visakhapatnam	969
Total		**4,486**

ii. International Slots (Arrival and Departures) utilized by AI

Table 21: List of International Slots per week utilized by AI as of 1st November 2019

Region	Airports	Slots Utilized
USA and Canada	Chicago, Newark, New York, San Francisco, Washington and Toronto	72
UK	London (Heathrow & Stansted), Birmingham	74
Europe	Paris, Copenhagen, Madrid, Milan, Rome, Stockholm, Vienna and Frankfurt	76
South East Asia	Bangkok and Singapore	112
Far East Asia	Hong Kong, Melbourne, Sydney, Seoul, Shanghai and Tokyo	56
Gulf and Middle East	Abu Dhabi, Dammam, Dubai, Jeddah, Bahrain, Kuwait, Muscat, Riyadh, Sharjah, AlNajaf, Tel Aviv and Doha	358
SAARC	Colombo, Dhaka, Kabul, Kathmandu, Male and Yangon	152
India	Ahmedabad, Amritsar, Bengaluru, Chennai, Delhi, Gaya, Goa, Hyderabad, Indore, Kochi, Kolkata, Kozhikode, Mumbai, Thiruvananthapuram	1,838
Total		**2,738**

International Slot includes the domestic leg of international flights/ hub and spoke flights

iii. Bilateral Rights

Table 22: Bilateral Flying rights utilized by AI / AIXL as on November 1, 2019

Region	Country	Bilateral Rights allocated to AI & AIXL		Utilization of Bilateral Rights as on November 1, 2019				Balance Bilateral Rights	
				AI		AIXL		AI & AIXL	
		Freq / wk.ed.	Seats / wk.ed.	Freq / wk.ed.	Seats / wk.ed.	Freq / wk.ed.	Seats / wk.ed.	Freq / wk.ed.	Seats / wk.ed.
North America	USA[1]	37	-	33	-	-	-	4	-
	Canada	7	-	3	-	-	-	4	-
Asia	China	7	-	5	-	-	-	2	-
	Hong Kong[2]	14	-	7	-	-	-	7	-
	Japan	10	-	4	-	-	-	6	-
	Singapore [3]		12,099		5,194		3,969		2,936
	Under ASEAN Offer	7	-	-	-	7	-	-	-
	Thailand[4]	-	5,852	-	5,852	-	-	-	-
	South Korea	4	-	4	-	-	-	-	-
	Australia	-	2,048	-	2,048	-	-	-	-
	Malaysia	-	4,879	-	-	-	-	-	4,879
	Indonesia	3	-	-	-	-	-	3	-
UK[5]	On DEL/BOM-LHR vice versa (vv)	42	-	21	-	-	-	21	-
	On other Routes	18	-	16	-	-	-	2	-
Europe	Austria	4	-	4	-	-	-	-	-
	France	7	-	7	-	-	-	-	-
	Germany	-	2,816	-	2,816	-	-	-	-
	Spain	3	-	3	-	-	-	-	-
	Italy	7	-	7	-	-	-	-	-
	Denmark	4	-	3	-	-	-	1	-
	Sweden	3	-	3	-	-	-	-	-
Gulf & Middle East	Bahrain	-	6,750	-	488	-	1,796	-	4,466
	UAE-Abu Dhabi	-	11,545	-	1,134	-	6,993	-	3,418
	UAE-Al Ain/Ras Al Khaimah	-	744	-	-	-	756	-	(12)
	UAE-Dubai[6]	-	29,996	-	14,814	-	15,120	-	62
	UAE-Sharjah	-	14,630	-	2,534	-	10,395	-	1,701
	Oman	-	10,213	-	4,168	-	5,481	-	564
	Qatar[7]	-	10,395	-	648	-	4,914	-	4,833
	Kuwait	-	4,284	-	2,268	-	1,890	-	126

Region	Country	Bilateral Rights allocated to AI & AIXL		Utilization of Bilateral Rights as on November 1, 2019				Balance Bilateral Rights	
				AI		AIXL		AI & AIXL	
		Freq / wk.ed.	Seats / wk.ed.	Freq / wk.ed.	Seats / wk.ed.	Freq / wk.ed.	Seats / wk.ed.	Freq / wk.ed.	Seats / wk.ed.
	Israel	5	-	5	-	-	-	-	-
	Iraq[8]	-	324	-	324	-	-	-	-
	Iran	7	-	-	-	-	-	7	-
Saudi Arabia[9]	Excluding Dammam	-	12,650	-	7,623	-	1,323	-	3,704
	Under Open Sky to Dammam	-	4,298	-	1,260	-	1,323	-	1,715
Regionals	Bangladesh	15	-	7	-	-	-	8	-
	Nepal	-	3,430	-	3,052	-	-	-	378
	Sri Lanka	28	-	28	-	-	-	-	-
	Under SAARC offer	2	-	2	-	-	-	-	-
	Afghanistan	6	-	4	-	-	-	2	-
	Maldives	-	2,037	-	2,106	-	-	-	(69)
	Myanmar	18	-	4	-	-	-	14	-
	Under ASEAN offer	7	-	-	-	-	-	7	-
Africa	Kenya[10]	7	-	-	-	-	-	7	-
CIS countries & Russia	Russia	7	-	-	-	-	-	7	-
	Kazakhstan/ Uzbekistan	4	-	-	-	-	-	4	-

Freq / wk.ed – Frequency per week in each direction; Seats / wk.ed – Seats per week in each direction

[1]AI has deployed B787 (256 seater) aircraft in place of B777 (342 seater) aircraft for its 3 frequencies / week DEL-Washington (IAD) vv flights effective Jan 8, 2020.

[2]Hong Kong - Traffic rights include 7 frequencies which have been allocated from Jet Airways' unutilized rights on a temporary basis.

[3]Singapore - Traffic rights include 1,620 seats which have been allocated from Jet Airways' unutilized rights on a temporary basis.

[4]Effective 20 January 2020, AI has discontinued its operations of 4 frequencies / 648 seats per week in each direction on the BLR-BKK vv and 3 frequencies / 486 seats per week in each direction on the CCU-BKK vv sectors. Further, AI has reduced 7 frequencies / 1,792 seats per week in each direction on the DEL-BKK vv and 658 seats per week in each direction on the BOM-BKK vv sectors. So, effective January 20, 2020, AI has reduced a total of 3,584 seats per week in each direction to/from BKK.

[5]UK (BOM/DEL-LHR vv) - Traffic rights include 14 frequencies which have been allocated from Jet Airways' unutilized rights on a temporary basis. Effective 14 February 2020, AI will be operating 3 frequency / 768 seats per week in each direction on the BOM-LHR vv sector and effective 20 February 2020, AI will be operating 3 frequency / 768 seats per week in each direction on the BOM-STN vv sector. AI has also deployed B777 (342 seater) aircraft in place of B787 (256 seater) aircraft for its one daily frequency (out of the two daily flights), thereby has deployed additional 602 seats per week in each direction on the DEL-LHR vv sector since 07JAN20.

[6]UAE (Dubai) - Traffic rights include 5,852 seats which have been allocated from Jet Airways' unutilized rights on a temporary basis.

[7]Qatar - Traffic rights include 5,670 seats which have been allocated from Jet Airways' unutilized rights on a temporary basis. Effective 21 February 2020, AI will be operating 3 frequencies / 768 seats per week in each

direction on the BOM-DOH vv sector
[8]AI has discontinued its 2 frequencies / 324 seats per week in each direction to/from Iraq (i.e DEL – NJF vv sector) in the month of January 2020
[9]Effective 16 February 2020, AI will reduce 2 frequency / 846 seats per week in each direction on the COK-JED vv sector and will operate these 2 frequency / 846 seats per week in each direction on the CCJ-JED vv sector.
[10]AI has commenced operations on the BOM-Nairobi vv sector with 3 frequencies / 768 seats per week in each direction effective November 27, 2019

iv. Code Share Agreements

AI offers 75 additional destinations vide code share and has entered into code-share agreements with the following 25 airlines:

Table 23: Broad List of AI Code share agreements as on 1st November 2019

Star Carriers
1. Lufthansa
2. Austrian Airlines
3. Swiss
4. Croatia Airlines
5. TAP Portugal
6. Turkish Airlines
7. Ethiopian Airlines
8. Egypt Air
9. Asiana Airlines
10. Singapore Airlines
11. Eva Air
12. Air Canada
13. LOT Polish Airlines
14. Avianca
Non- Star Carriers
1. Air Astana
2. Air Austral
3. Air Mauritius
4. FlyBe
5. Hong Kong Airlines
6. Air India Express
7. Sri Lankan Airlines
8. Royal Brunei Airlines
9. Air Seychelles
10. Fiji Airways
11. Myanmar Airways

v. Frequent Flyer Programme

AI operates a Frequent Flyer programme that provides travel awards to its members based on accumulated mileage points. Members of Flying Returns earn Flying Returns Points ("FR Points") on flying with AI or any of the other 25 Star Alliance partner airlines (as on November 1, 2019). The FR Points can be utilized and redeemed for self (or gifted after undertaking 5 flights), to either fly on an award ticket or upgrade a paid ticket, on both AI and Star Alliance partner airlines. As on 1st November 2019, total size of Flying Returns membership is around 2.64 Mn.

Details of Frequent Flyer Programme may be provided at the RFP stage.

vi. Brand Details

Brand “Air India” enjoys enormous goodwill and reputation in India and worldwide. The brand comprising of, inter alia, the words “Air India”, the “Maharaja logo”, the “Flying Swan” Air India logo and the “Sun logo”, are all registered trademarks in India.

A snapshot of trademarks, *inter-alia,* proposed to continue with AI, as on 1st November 2019 is given below:

Figure 7: Trademarks proposed to continue with AI

The Confirmed Selected Bidder shall ensure that the Company shall continue using the “Air India” brands on such terms as set out in the definitive documents. Further details in relation to the brands may be provided at the RFP stage.

3.12 Safety and Quality Control

A) Quality Management System (QMS)

AI Corporate Quality Management System has a quality assurance programme, that provides for the auditing which includes safety assurance and evaluation of the management system of operations, maintenance and security functions to ensure that the organization complies with DGCA and internal requirements, satisfies stated organizational and operational needs and identifies effectiveness of safety risk controls. The QMS covers the Safety, Quality and Security Assurance functions across the Organisations. Quality and Safety Assurance Programme is the internal evaluation programme of the organisation which is a part of the QMS in compliance with the SMS requirement of DGCA (CAR Section 1, Series C, Part 1 dated 27 July,2017) and other relevant CARs on Flight safety, Maintenance, Ground Handling, Security etc. besides the IOSA requirements.

AI has an audit planning process and sufficient resources including auditors to ensure audits are:

1. Scheduled at intervals to meet regulatory and management system requirements;
2. Completed within a time period as per the specific requirement

ISO Certification for AI's Quality Management System (QMS) Department was obtained through the Bureau of Indian Standards (BIS) in 2014. QMS has now changed over to IS/ISO 9001:2015 after clearing the ISO License Renewal Audit by the Bureau of Indian Standards (BIS) with NIL non-conformities. A fresh certificate has been issued extending the validity up to 8 December 2020.

IATA Operational Safety Audit (IOSA)

AI was the first Airline in the world to voluntarily get audited for E-IOSA (Enhanced IOSA) with new standards effective 1st September 2013, although the same became mandatory from 2015 onwards.

This is mandatory for the IATA membership and Star Alliance membership.

The last IOSA renewal audit of AI has been conducted by M/s. Quali-Audit (IATA Accredited Agency) from 26th to 30th August 2019 and AI has successfully cleared the audit and it is renewed upto January 2022.

B) Documentation Management System (DMS)

DMS functions under the QMS and is involved with all areas. A centralized Corporate Document Management System provides creation, version management, search, retrieval and dissemination of documents over a browser to all authorised personnel based on individual rights, across all Departments and all three AOC Holders and Strategic Business Units.

C) Flight Safety

The Flight Safety Department ("FSD") is a critical and vital oversight department to ensure safety in all areas as per DGCA CARs.

The Primary Work functions performed by FSD are:

i. Investigation of Aircraft Incidents/ Accidents in a time bound manner
ii. 100 % monitoring of Flight Data Recorders
iii. Random monitoring of CVR's equal to half the number of aircraft in fleet
iv. Internal Safety audits of stations on AI network
v. Various surveillance inspections covering all operating departments
vi. Monitoring SAFA inspections carried out on AI aircraft abroad in Europe, Gulf & South East Asia, etc & closure of SAFA findings as well as FAA findings
vii. Conducting ramp/ cabin/ cockpit surveillance inspections on AI aircraft

viii. Promoting vital safety information through the Flight Safety Website

D) Safety Management System

AI has a Safety Management System (SMS) that is implemented and integrated throughout the organization to address the safety of aircraft operations. The scope of Corporate SMS includes all AOCs (AI, AIXL, AASL) and SBUs of MRO, Ground Handling, etc. as well as subsidiaries.

SMS is designed and implemented in accordance with the DGCA and ICAO requirements. The elements of SMS are implemented through Corporate SMS and SMS of each AOC and includes Safety Risk Assessments, Safety Assurance, reactive and proactive monitoring of trends through SPIs & SPTs, and risk mitigation and control.

E) Emergency Response Plan

AI has the Corporate Emergency Response plan (ERP) for the central management and coordination of all activities should it be necessary to respond to a major aircraft accident or other adverse events. An agreement has been signed with M/s. Kenyon International to provide passenger and kin support facilities as required.

AI also has the Special Assistance Team (SAT), called Angels of Air India, to act as a liaison between the company and the passengers, ground casualty, crew members and the families of passengers, providing them with care and assistance as required. On receipt of confirmation from the Emergency Command Centre (ECC), Angels of Air India shall be activated for deployment to the location of emergency. The establishment of this team is important since many activities associated with the emergency management shall be carried out by this team. The team shall work under the Director of Emergency Response.

F) Environment Management System (EMS)

AI is the first airline in India to establish an Environment Management System (EMS). AI has been taking up Environment Initiatives since the year 2007. AI has a Corporate Environment Management team responsible for environment management functions like regulatory compliance with DGCA, ICAO, EU TCO (European Union- Third Country Operators), Pollution Control Board regulations, Fuel Efficiency, Energy Conservation measures, Waste Management, Environment Certifications like IEnvA from IATA, Carbon Footprint Reporting, Carbon Offsetting, Environment Awareness and promotion activities across AI, AIXL and AASL.

CORSIA: The Emissions Monitoring Plan for AI and its subsidiary AIXL has been approved by DGCA. AI has started monitoring fuel consumption from all international flights of AI and AIXL as per DGCA CAR on CORSIA from 1st January

2019. AI reported carbon footprint of 0.91 CO2 tonnes per thousand RTKM (Revenue Tonne Kilo Metres) for 2018 as compared to 1.01 CO2 tonnes per thousand RTKM for 2017. AI's fuel efficiency has improved by utilising fuel-efficient aircraft and with the implementation of fuel efficiency measures and better load factors

EU-ETS: AI submitted its Annual Emissions Report for the emissions due to Intra-European Flights and surrendered the Carbon credits due to the emissions from intra-Europe flights before the deadline of 30th April 2019. AI is now fully compliant with EU-ETS Emissions Regulations.

Ranking of AI by Heathrow Airport, London

AI has improved its environmental performance from 42nd position in the ranking in first quarter of 2017 to 4th position in the 4th quarter (October to December 2018) due to the use of Boeing 787 Dreamliner at Heathrow, an aircraft that has 20-25% fewer CO2 emissions and a lower noise effect than the airplanes it replaced.

G) <u>Awards: Quality, Safety & Environment</u>

AI has been recognized for its efforts in environment protection, and quality management and has been awarded with the following prestigious awards:

- Montreal Protocol Public Awareness Award 2007 from UNEP
- Golden Peacock Award 2007 for Leadership in Corporate Innovation for The Protection of Environment
- National Energy Conservation Awards for the year 2009, 2011 and 2013
- JSW - Times of India Earth Care Awards in 2011
- IQS International Quality Summit Award in Gold Category to Quality Management System in 2012
- Century International Quality ERA Award (CQE) in the Platinum category for Quality Management System in 2013
- National Quality Excellence Award for Safety and Environmental Sustainability in 2015
- National Environmental Health and Safety Award for Outstanding contribution for Carbon emissions reduction in 2015
- National Environment Health and Safety Congress Awards for Best Environment, Health & Safety Company in 2017
- Global Award for Best Quality and Environment Management System in 2018 by World Quality Congress

3.13 Key Financials

Notes: In this section, detailed financials are being provided for reference only. However, IBs are encouraged to refer to the detailed financial statements for AI and its subsidiaries, from the website of AI.

It is clarified that certain assets and liabilities, featuring in the financials of AI and AIXL for FY2019 are in the process of being carved out (including to AIAHL and/or subsidiaries of AI being hived off like AASL and AIESL). Please refer to section 6 for estimated financial position (as per AI), post transfer of such assets and liabilities.

Please note that Financials for the period FY 2019 have been audited by statutory auditors and Comptroller and Auditor General (CAG).

3.13.1 Profit and Loss Statement

A brief summary of the Profit and Loss Account is provided below:

Table 24: Profit and Loss Statement for AI for FY2015-19

Financial Year (INR Mn)	2014-15	2015-16	2016-17	2017-18	2018-19
Operating Revenue	1,98,017	2,02,108	2,18,271	2,29,481	2,55,088
Other Income	8,115	3,995	3,700	8,968	9,218
Total Revenue	**2,06,132**	**2,06,103**	**2,21,971**	**2,38,449**	**2,64,306**
Y-o-Y increase	*6%*	*0%*	*8%*	*7%*	*11%*
Fuel Expenses	84,491	58,454	63,453	73,627	1,00,345
Employee Expenses	24,666	23,455	25,646	29,464	30,052
Employee Expenses % of Total Revenue	*12%*	*11%*	*12%*	*12%*	*11%*
Other Operating Expenses	69,809	72,704	81,098	86,549	1,00,188
Other Operating Expense % of Total Revenue	*34%*	*35%*	*37%*	*36%*	*38%*
Other Expenses	10,761	10,159	14,209	15,026	14,798
Total Expenses	**1,89,727**	**1,64,772**	**1,84,406**	**2,04,666**	**2,45,383**
EBITDAR (Excluding Other Income)	**8,290**	**37,336**	**33,865**	**24,815**	**9,705**
EBITDAR Margin (%) (Excluding Other Revenue)	*4%*	*18%*	*16%*	*11%*	*4%*
EBITDAR (Including Other Income)	**16,405**	**41,331**	**37,565**	**33,783**	**18,923**
EBITDAR Margin (%) (Including Other Income)	*8%*	*20%*	*17%*	*14%*	*7%*
Aircraft Lease Rentals	10,983	11,738	18,553	23,551	30,926
EBITDA (Excluding Other Income)	**-2,693**	**25,598**	**15,312**	**1,264**	**-21,221**
EBITDA Margin (%) (excluding Other Income)	*-1%*	*13%*	*7%*	*1%*	*-8%*
EBITDA (Including Other Income)	**5,422**	**29,593**	**19,012**	**10,232**	**-12,003**
EBITDA Margin (%) (Including Other Income)	*3%*	*14%*	*9%*	*4%*	*-5%*
Depreciation	19,208	18,678	16,023	16,674	15,879
EBIT	**-13,786**	**10,915**	**2,989**	**-6,442**	**-27,882**
Financial Costs	40,283	44,740	42,846	44,641	47,113
Other Expenses	3,732	4,294	1,505	2,295	9,752
Prior Period Adjustments (Net)	729	-609	-	-	-
Profit/ Loss before Exceptional and Extraordinary Items and Tax	-58,530	-37,510	-41,362	-53,378	-84,747
Exceptional Items	-528	-	-21,454	-	-
Extra Ordinary Items (Net)	459	-858	-	-	-
Comprehensive Income	**-**	**-**	-1,713	-104	-816
PBT	**-58,599**	**-38,368**	**-64,529**	**-53,482**	**-85,563**
PBT Margin	*-28%*	*-19%*	*-29%*	*-22%*	*-32%*

Financial Year (INR Mn)	2014-15	2015-16	2016-17	2017-18	2018-19
PAT	**-58,599**	**-38,368**	**-64,529**	**-53,482**	**-85,563**
PAT Margin	*-28%*	*-19%*	*-29%*	*-22%*	*-32%*

3.13.2 Balance Sheet

A brief summary of the Balance Sheet is provided below:

Table 25: Balance Sheet for AI for FY2015-19

Financial Year (INR Mn)	2014-15	2015-16	2016-17	2017-18	2018-19
Liabilities					
Shareholder's Funds					
Share Capital	1,71,780	2,14,960	2,67,530	2,86,902	3,26,652
Surplus in P&L	-3,73,857	-4,12,270	- 4,82,253	- 5,35,839	-6,21,316
Share Application Money Pending Allotment	39,470	29,290	1,372	-	-
Sub Total	**- 1,62,607**	**-1,68,020**	**-2,13,351**	**-2,48,937**	**-2,94,664**
Non-Current Liabilities					
Long-Term Borrowings	3,51,451	3,58,064	3,35,498	2,99,622	83,000
Other Long Term Liabilities	653	667	170	112	48
Long-Term Provisions	11,464	11,394	22,353	25,485	28,272
Sub Total	**3,63,568**	**3,70,125**	**3,58,021**	**3,25,219**	**111,320**
Current Liabilities and Provisions					
Short-term Borrowings	1,44,169	1,45,509	1,29,513	2,19,555	2,76,303
Trade Payables	69,123	80,093	89,527	80,797	82,043
Current Maturities of Long Term Debt	2,705	8,210	6,727	13,290	1,99,717
Other Current Liabilities	62,109	68,517	86,521	1,27,823	146,686
Short Term Provisions	2,574	2,081	1,864	2,113	2,117
Sub Total	**2,80,680**	**3,04,410**	**3,14,152**	**4,43,578**	**706,866**
Total Liabilities	**4,81,641**	**5,06,515**	**4,58,822**	**5,19,860**	**523,522**
Assets					
Non Current Assets					
Net Asset block	3,32,549	2,83,299	2,96,782	2,74,575	259,662
Intangible Assets	1,751	1,223	628	402	195
Capital Work in progress	12,636	6,734	2,773	814	727
Intangible Assets under development	14	14	14	83	13
Total Non-Current Assets	**3,46,950**	**2,91,270**	**3,00,197**	**2,75,873**	**2,60,596**
Non-Current Investments	11,893	16,718	17,415	17,462	9,331
Deferred Tax Assets (net)	28,425	28,425	28,425	28,425	28,425
Long Term Loans and Advances	41,364	43,603	31,433	45,026	16,781
Long Term Trade Receivables	22	47	62	-	-
Other Non-Current Assets	11	37	21,055	6,045	5,877
Sub-Total	**81,715**	**88,830**	**98,390**	**96,958**	**60,414**
Current Assets, Loans and Advances					
Inventories	12,255	15,011	10,846	9,032	8,064
Trade Receivables	20,889	19,030	16,502	17,825	19,921
Cash and Bank Balance	6,231	8,055	7,351	7,429	8,432
Short Term Loans and Advances	4,801	6,719	4,456	5,466	4,728
Other Current Assets	8,800	77,600	21,080	1,07,277	1,61,367
Sub Total	**52,976**	**1,26,415**	**60,235**	**1,47,029**	**202,512**

Financial Year (INR Mn)	2014-15	2015-16	2016-17	2017-18	2018-19
Total Assets	**4,81,641**	**5,06,515**	**4,58,822**	**5,19,860**	**523,522**

3.13.3 Debt Summary

A brief summary of the outstanding debt position as of 31st March 2019 is provided below:

Table 26: Debt Summary AI for 31st March 2019

Facility	Outstanding Amount (INR Mn)	Security
NCDs	1,36,000	GOI guarantee
Finance Lease	43,833	Part of facility secured by GOI guarantee and assets and part of facility secured by aircraft
Loans for aircraft (commercial and bridge) and engines and Pre-Delivery Payment Loans	64,152	Facility mix secured by either GOI guarantee or aircraft or assignment of contract
FRP Term Loans	109,952.4	Secured by 25 aircraft and 10 immoveable assets and pari–passu charge on current assets
Short Term/Working Capital Loans	187,313.43	Facilities secured by a combination comprising of one or a mix of following securities: • GOI guarantee • 25 aircraft and 12 immoveable assets • Letter of Comfort from GOI • Cash flows TRA (Trust & Retention Account), 3 Aircraft • Fixed Deposit
NSSF Short Term Loan	26,360	Unsecured Loan from National Social Security Fund (NSSF)
Bill Discounting Facility	6,159.31	No tangible security. With recourse to PSU OMCs through tripartite agreement.
ECB Citibank Working Capital Long Term Loan	9,059.31	GOI Guaranteed
Total	**5,82,829**	

Additionally, aircraft lease rentals for 21 B-787-8 (SLB) aircraft have been guaranteed by the GOI.

Note: The above total of INR 5,82,829 Mn includes Ind AS adjustments in the Balance Sheet (Upfront fee of INR 167.3 Mn paid and adjustment of INR 103 Mn on account of discounting in interest free term loan)

3.13.4 Advances given to subsidiaries

Table 27: Details of Advances given to subsidiaries as of 31st March 2019

Name of the company	Outstanding Amount (INR Mn)	Interest Accrued	Total
Air India Express Limited	10,586.1	924.3	**11,510.4**

3.13.5 Liabilities Classified as held for Sale

Table 28: Details of Liabilities held for sale as of 31st March 2019

Name of the company	Outstanding Amount (INR Mn)	Interest Payable	Total
Air India Air Transport Services Limited*	585.7	20.5	**606.2**
Total	**585.7**	**20.5**	**606.2**

**Process for transfer of AIATSL to Air India Assets Holding Company is currently ongoing. AI has entered into share purchase agreement with AIAHL*

3.13.6 Contingent Liabilities

A. As per the FY2019 financial statements, some of the claims against AI not acknowledged as debt (excluding interest and penalty, wherever applicable) and being contested to the extent ascertainable and quantifiable, are provided below:

Table 29: Contingent Liabilities of AI as of 31st March 2019

Sr. No	Description	Amount Outstanding (INR Mn)	
		As on 31.03.2018	As on 31.03.2019
1	Claims on account of denied boarding, loss of passenger baggage, mishandled baggage, delayed flight, cancellation of flights, damaged consignments and late receipt of cargo etc.	365.5	417.3
2	Income Tax Demand Notices received by AI which are under Appeal	540.6	1,240.4
3	Customs Duty and Service Tax demanded by the Tax Authorities*	7,668.2	9,208.5
4	Property Taxes/House Tax demanded by the Municipal Authorities	107.7	111.0
5	Claims of Airport Operators**	6,118.2	1,196.4
6	Other Claims on account of Staff/Civil/Arbitration/Labour Cases pending in Courts	1,848.1	2,136.4
7	Government Guarantee Fee***		
	a) Difference between Applicable Rate and the rate of 0.5% at which Guarantee Fee has been provided	3,066.1	-
	b) Additional Guarantee Fee	13,957.4	17,470.4
	Total	**33,671.8**	**31,780.4**

**Customs Duty and Service Tax demanded by the Tax Authorities: This includes the following demands-*

- *Service Tax demand related to intra-company transactions, foreign based repair/ maintenance, foreign based CRS companies*
- *Demands from Custom Authorities related to Inland Air Travel Tax (IATT)*
- *Demands related to Customs Duty on ATF*

*** Claims of Airport Operators includes: In the case of GHIAL, claim of Rs 988.6 million (Previous Year : Rs 4806.5 million) for interest on delayed payments has not been accepted and pending determination of actual liability for the same, the amounts demanded by them have been shown as Contingent Liability. In the case of other Airport Operators namely DIAL and MIAL, their claims have been duly verified and reconciled during the year except as stated in Note No 40 (i) (b) (of the financials of AI) and liability provided for the same during the year.*

****Government Guarantee Fee (***): The company has taken up the issue of waiver of guarantee fee and related*

penal charges with the Ministry of Finance through the Ministry of Civil Aviation. As regards the penal charges on the delayed payments of Guarantee Fee the Company has disclosed a Contingent Liability for the same amounting to Rs.17470.4 million (Previous Year Rs.13957.4 Million). However, as a matter of prudence, the Company has provided Rs. 4080.8 million towards difference between applicable rate and the rate of 0.5% on working capital loans.

Additionally, a provision of INR 2,076.3 million (included in Other Financial Liabilities shown in FY 2018-19 B/S of AI as part of Current Liabilities) towards wage arrears accruable to employees working on Narrow body fleet, has been made in the books of accounts of AI. There are arbitration awards on this issue which have been challenged by AI. The final amounts payable by AI on account of the pending cases on the wage arrears payable to employees working on Narrow body fleet, may include interest on wage arrears, subject to the order(s) of the Court. Further details on the matter, including the treatment of this liability, may be provided at the RFP stage.

B. Corporate Guarantees/ Letters of Comfort given by AI on behalf of its wholly owned subsidiaries:

Table 30: Corporate Guarantees provided by AI as of 31st March 2019

Particulars (INR Mn)	FY 2019	FY 2018
AIXL	8,011.90	7,434.00
AASL	4,273.00	4,074.10

Additional details on the above and contingent liabilities shall be provided in the RFP.

3.13.7 Contingent Assets

Table 31: Contingent Assets as of 31st March 2019

Particulars (INR Mn)	FY 2019
Excess amount collected by DIAL for landing & parking charges*	2,298.7

**During the year 2017-18, the Hon'ble Supreme Court of India has vacated the stay granted by Hon'ble High Court of Delhi in respect of implementation of tariff fixed by AERA applicable with effect from 01/01/2016. In this regard the tariff fixed for the 2nd control period (i.e. from 1.1.2016), was lower than the tariff fixed for the 1st control period (tariff prior to 1.1.2016). In view of this judgement, DGCA issued AIC (Aeronautical Information Circular) for the implementation of 2nd control period tariff with immediate effect, however the same is still to be implemented. In the intervening period DIAL has collected from AI, an excess amount to the tune of ~INR 2,299 Million (approx) on account of Landing & Parking charges. AI has requested AERA that while fixing the tariff, the airlines who have shouldered the burden of excess amount collected may be compensated by way of discount in tariff in proportion to the excess amount collected by DIAL from respective airlines*

3.13.8 Non-current Investments

A brief summary of the Non-current Investments of AI as of 31st March 2019 is provided below.

Table 32: Non-current investments of AI as of 31st March 2019

Particulars	Amount (INR Mn)
INVESTMENT IN SUBSIDIARIES (UNQUOTED EQUITY INSTRUMENTS (AT COST)	
78,000,000 Equity Shares of INR 100 each fully paid up in AIXL	7,800.0
TOTAL INVESTMENT IN SUBSIDIARIES	**7,800.0**

Particulars	Amount (INR Mn)
JOINT VENTURE	
40,424,975 Equity Shares of Rs.10 each fully paid up in AISATS (40,419,975 Equity Shares of Rs.10 each issued at a premium of Rs.0.79 per share)	**436.2**
TOTAL INVESTMENTS AT COST	**8236.2**
TRADE INVESTMENTS	
2,617,098 Equity Shares of MAR 10 each fully paid up in Air Mauritius Ltd. #	131.4
2,301,244 Equity Shares of MAR 10 each fully paid up in Air Mauritius Holding Ltd. #	45.5
12,500,000 Equity Shares of Rs. 10 each fully paid up in Cochin International Airport Limited. # (Includes 2,500,000 Equity Shares of Rs.10 issued and subscribed at a premium of Rs.40 per share)	451.2
277 Equity Shares of EUR 5.00 ^ each fully paid up in SITA* (11 Shares allotted during the year)	0.1
890,139 Depository Certificates of SITA Information Network Computing N.V. ^	42.7
2348 class B Shares of BHT 100^ each fully paid up in Aeronautical Radio of Thailand Ltd. (1078 Shares allotted during the year)	0.4
50 Equity Shares of EUR 152.45 each^ fully paid up in Association Sportive Du Golf Isabella.	0.4
6% Debenture Bonds or Banco De Roma Face Value EURO 15.49 guaranteed by Govt of Italy (Deposited with Civil Aviation Department Italy) (INR 3057.69) ^	0.0
TOTAL TRADE INVESTMENTS	**671.7**
EQUITY INSTRUMENTS (QUOTED)	
375,407 Equity Shares (Previous Year: 375,407 Equity Shares) of EUR 0.48 each fully paid up in Orange S.A. (Formerly known as France Telecom)	**422.8**
TOTAL INVESTMENTS AT FVTOCI	**1094.5**
TOTAL NON-CURRENT INVESTMENTS	**9,330.7**

**SITA is Societe Internationale de Telecommunications Aeronautiques*

 # Fair valuation of Investments carried out at a book value based on latest available audited financial statements

^ Investments carried at cost

*** FVTOCI is Fair Value Through Other Comprehensive Income*

3.13.9 Assets held for Sale

The following assets are held for transfer to AIAHL.

Table 33: Assets held for sale to AIAHL (Book value as of 31st March 2019)

Particulars	Amount (INR Mn)
Investment in Subsidiaries (Unquoted Equity Instruments (At Cost)	
11,060,000 Equity Shares of Rs. 100 each fully paid up in Hotel Corporation of India Limited	**1,106.0**
138,424,200 Equity Shares of Rs.10 each fully paid up in Air-India Air Transport Services Limited	**1,384.2**
166,666,500 Equity Shares of Rs.10 each fully paid up in Air-India Engineering Services Limited	**1,666.7**

Particulars	Amount (INR Mn)
40,225,000 Equity Shares of Rs 100 each fully paid up in Airlines Allied Services Ltd	**4,022.5**
Sub Total	**8,179.4**
Properties#	**68,066.3**
Advance to Subsidiary Companies (net)*	
Advance to Air India Engineering Services Limited	17,181.7
Advance to Airlines Allied Services Limited	16,681.9
Advance to Hotel Corporation of India Limited	3,052.1
Sub Total	**36,915.7**
Others (net or provision) **	**35,548.7**
Total	**148,710.1**

**Advance to Subsidiary companies include interest accrued amounting to INR 2,998.9 Mn*
***Others include 2 B777-300 SESF aircraft along with one spare engine and QEC kit amounting to ~INR 35,224 Mn*
 # includes properties transferred from Investment Property (as reflected in the financial statements of AI) during the year amounting to ~INR 6,584 Mn

AIR INDIA EXPRESS

4. AIR INDIA EXPRESS – COMPANY DETAILS

4.1 Registration Details

Table 34: Company Registration Details of AIXL

Particulars	Details
Name	Air India Express Ltd. (Formerly known as Air India Charters Limited)
Constitution	Government Company (wholly owned subsidiary of AI)
Date of Incorporation	9th September 1971
Registered Office	1st Floor, Old Operations Building, Air India Complex, Old Airport, Santacruz (East), Mumbai – 400029
CIN Number	U62100MH1971GOI015328

4.2 Capital Structure

AIXL is 100% owned by AI

Table 35: Capital Structure of AIXL as on 1st November 2019

Particulars	No. of Equity Shares	Share Capital (INR Mn)
Authorized Share Capital	100,000,000	10,000
Issued, Subscribed and Paid-up Share Capital	78,000,000	7,800

** Face value of each Equity Share is INR 100*

4.3 Board of Directors

The board of directors of AIXL as on 1st November 2019 comprises the following members:

Table 36: Board of Directors of AIXL

S. No.	Name and Designation	DIN
1.	Mr. Ashwani Lohani – Chairman and MD, AI	01023747
2.	Mr. Angshumali Rastogi – Joint Secretary, Ministry of Civil Aviation	06658332
3.	Mr. Pranjol Chandra, Director, Ministry of Civil Aviation	08117183
4.	Mr. Vinod Hejmadi, Director-Finance, AI	07346490

4.4 Key Management Personnel

Brief details of the Key Management Personnel of AIXL are as given below:

Table 37: Key Management Personnel of AIXL as on 1st November 2019

S. No.	Name	Designation	Qualification	Years of Experience
1	Mr. K Shyam Sundar	Chief Executive Officer	B.Com, MBA-Marketing	35 Years
2	Ms. Aditi Khandekar	Company Secretary	B.Com, LLB, ACS	28 Years
3	Capt. V S Rajkumar	Chief of Operations	B.Sc, ALTP	30 years
4	Mr. Anil Kumar Jain	Chief of Engineering	B.Tech	40 Years
5	Mr. M Manoharan	Chief Financial Officer	M.Com, MBA, FICWA, CMA	32 Years
6	Mr. T Vijayakrishnan	Chief of HR	B.Com, PG.DPM, MBA-HR	30 Years
7	Capt. Ashish Gangurde	Chief of Flight Safety	B.Sc, MMS, ALTP	21 Years
8	Capt. D R Gupta	Chief of Training	M.Sc, ALTP	14 Years
9	Mr. P G Prageesh	Chief of Corporate Communication	BA in English Language and Literature, Masters in Journalism and Communications	13 Years
10	Mr. Aby George	Chief of Airport services	DHMCT, MLM	27 Years
11	Ms Tara Ashok Naidu	Chief of Commercial	BSc, MBA-Finance	34 Years
12	Mr Altaf Zainuddin Mukaddam	Chief of IT	Bachelor in Computer Engineering, MBA-IT	21 Years
13	Mr Ganesh Ramachandra Kharat	Chief of Material Management	B.Com, MBA-Marketing	31 Years

4.5 Fleet Size

AIXL had a fleet of 25 aircraft as on 1st November 2019 comprising the following:

Table 38: Fleet size of AIXL as on 1st November 2019

Aircraft Type	Owned	Leased Aircraft		Total	Seating Capacity	Average Age
		Financial Lease	Dry Lease			
B 737-800 NG	-	7	-	7	186	10.6
B 737-800 NG	10*	-	-	10	186	12.6
B 737-800 NG	-	-	8	8	189	2.8
Total	**10**	**7**	**8**	**25**	**-**	**8.9**

** Include VT-AXT & VT -AXU for which transfer of title is yet to be completed although the full and final payment is already made by AIXL*

4.6 Network

AIXL operates flights to 13 international destinations and 20 Indian cities. AIXL expanded its network to three new Indian stations- Bengaluru (effective 29th October 2018), Kannur (effective 9th December 2018) and Surat (effective 16th February 2019).

The destinations included in the network are provided in the table below.

Table 39: International Points of Call for AIXL as on 1st November 2019

Country	Destinations	Departures per week*	% of Flights
United Arab Emirates	Dubai, Abu Dhabi, Sharjah, Al Ain, Ras al-Khaimah	176	28.1
Oman	Muscat, Salalah	29	4.6
Qatar	Doha	26	4.1
Kuwait	Kuwait City	10	1.6
Saudi Arabia	Dammam, Riyadh	14	2.2
Bahrain	Manama	12	1.9
Singapore	Singapore	28	4.5
India	Amritsar, Mumbai, Kozhikode, Coimbatore, Vijayawada, Kochi, Delhi, Chandigarh, Mangalore, Madurai, Jaipur, Lucknow, Chennai, Pune, Thiruvananthapuram, Tiruchirappalli, Varanasi, Bengaluru, Kannur, Surat	332	53.0
Total		**627**	**100**

**Note: The domestic leg of a multi-city international flight has been considered as an international departure for the purpose of the calculation*

Table 40: Domestic Points of Call for AIXL as on 1st November 2019

Destinations	Departures per week	% of Flights
Mumbai	3	12.5
Coimbatore	3	12.5
Delhi	7	29.2
Madurai	4	16.7
Chennai	2	8.3
Trivandrum	2	8.3
Vijayawada	3	12.5
Total	**24**	**100**

Figure 8: Route Network for AIXL as on 1st November 2019

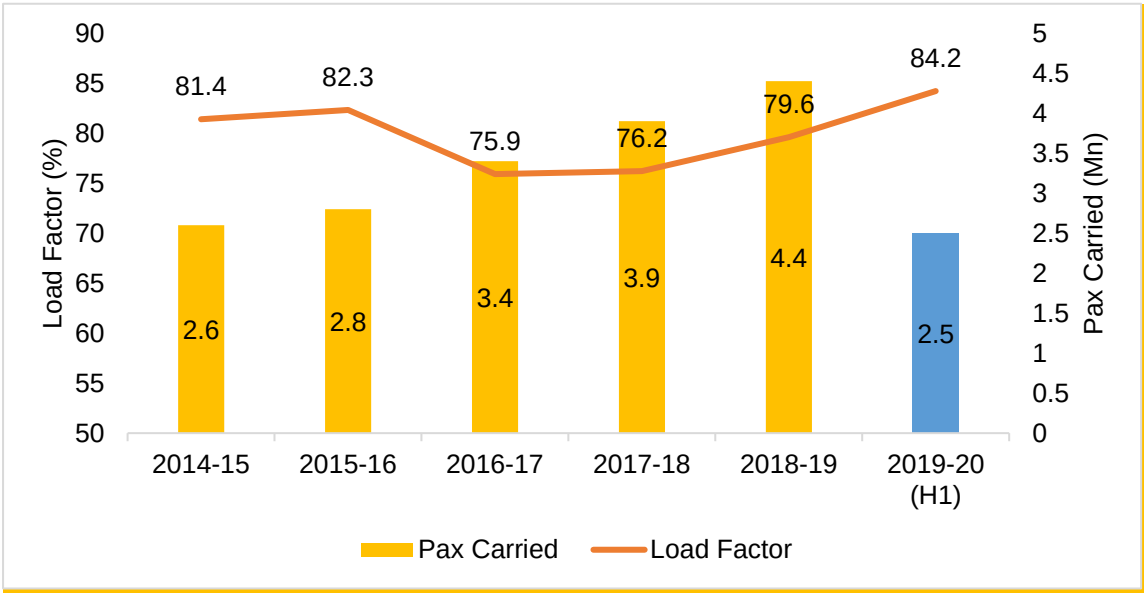
It may be noted that AIXL is primarily an International low-cost carrier with no

operations on Category 1 routes on its domestic network and therefore RDG (as detailed in clause 3.7) is not applicable to AIXL.

4.7 Operations

The operating performance of AIXL is provided below:

Figure 9: Operating Performance of AIXL for the last 5 years



The data for the period 2019-20 is for the six months ending September 30, 2019

Select operating parameters of AIXL are provided below:

Table 41: Year-wise Operating Parameter for AIXL

S. No.	Indicator	FY2015	FY2016	FY2017	FY2018	FY2019
1.	Fleet Size (No.) (As on 31st Mar)	17	18	23	23	25
2.	Number of Departures[1]	20,246	20,033	26,006	28,850	30,851
3.	ASKM[2] (Mn)	8,161	8,730	11,574	13,195	14,173
4.	RPKM[3] (Mn)	6,639	7,189	8,786	10,051	11,277
5.	Daily Aircraft Utilization on Total Fleet (Hours)	10.8	11.3	12.2	12.7	13.3
6.	RASK* (INR)	3.21	3.34	2.85	2.69	2.94
7.	CASK** (INR)	3.29	2.95	2.68	2.58	2.85
8.	CASK – Ex Fuel (INR)	2.13	2.17	1.94	1.78	1.77
9.	Yield# (INR)	3.90	3.99	3.70	3.38	3.57

1 Departures reflect the total scheduled and non-scheduled domestic and international services of AIXL
2 ASKMs reflect the total Scheduled domestic and international services of AIXL
3 RPKMs reflect the total scheduled domestic and international services of AIXL
**computation based on operating revenue (excludes other income)*
***computation based on operating cost (except exceptional & extraordinary items)*
#computed as Passenger revenue/ Scheduled RPKM. Passenger revenue includes revenue from excess baggage

4.8 Employee Strength

The total permanent employees of AIXL as on 1st November 2019 were 191.

Additionally, AIXL also employed contract employees, casual employees etc., as per the details mentioned below:

Table 42: Break-up of AIXL employees as of 1st November 2019

	Permanent Employees	Contract Employees	On Deputation Employees	Others
AIXL	191	1,156*	15^	38**

**Including 26 employees on deputation to AI and 1 employee on deputation to AIESL*
*^15 employees from AI (10 Pilots and 5 others) and **38 temporary staff*

The general contract period for the contract employees is around 5 years. The temporary contract is generally for a maximum period of around 6 months. IBs are advised to undertake their own due diligence on the terms of the contracts.

Table 43: Indicative Position-wise Employee details (excluding on deputation employees) of AIXL as of 1st November 2019

Staff Strength	AIXL Rolls		On deputation to AI / AIESL	Temporary	Total
	Permanent	FTC			
CEO	-	1	-	-	1
Cockpit Crew	172	165	-	-	337
Cabin Crew	-	621	-	-	621
Engineering	-	62	1	2	65
Operations	-	88	-	7	95
Flight Safety	-	10	-	1	11
Training	-	18	-	1	19
Finance	-	41	16	9	66
HR	-	13	-	-	13
Commercial and Airport Services	-	81	10	9	100
Security	19	-	-	-	19
Corp. Communication	-	1	-	-	1
Material Management	-	25	-	9	34
Secretarial Staff	-	1	-	-	1
IT	-	2	-	-	2
Total	**191**	**1,129**	**27**	**38**	**1,385**

Approx. 3.7 % of the permanent employees of AIXL will be retiring in the next 5 years. Below is an indicative break-up of the same:

Table 44: Indicative list of number of Permanent Employees of AIXL Retiring in next 5 years

	FY2020	FY2021	FY2022	FY2023	FY2024	TOTAL
Permanent Employees Retiring	**-**	**3**	**1**	**1**	**2**	**7**

Note: The above is an indicative list only, detailed list shall be provided at RFP stage.

The following broad list of benefits are provided to AIXL employees:

Table 45: List of select benefits provided to AIXL employees

Benefits	Permanent	Contract
Passage entitlements[11]	✓	✓
Provident fund[12]	✓	✓
Gratuity[13]	✓	✓
Medical facilities[14]	✓	✓
Encashment of Privilege Leave[15]	✓	✓

Further details of the above benefits may be provided as a part of the RFP.

An actuarial valuation has been undertaken to estimate the current accrued liability of benefits as well as the unfunded portion, if any. The results of such actuarial valuation are provided in the VDR.

Indicative business function wise Employee details for AIXL as on 31st March, 2019 and respective annual expenses incurred are shown below:

Table 46: Indicative position-wise Employee details (split across permanent employees and Fixed Term Contract excluding on deputation employees and employees shown in Other category in Table 42) as on 31st March 2019 (after office hours)

Particulars	Permanent Employees	Fixed Term Contract (FTC)	Total Number of Employees	Total Expense (INR Mn)
Pilots & Co-Pilots	115	175	290	2,008
Cabin Crew Attendants	-	619	619	712
All other Personnel*	20	319	339	211
Total	**135**	**1,113**	**1,248**	**2,931**

**includes all AIXL permanent or FTC general employees including FTC employees deputed from AIXL to AI (except cockpit & cabin crew as already mentioned above)*

Indicative business function wise Employee details for AIXL as on 1st November, 2019 are shown below:

Table 47: Indicative position-wise Employee details (split across permanent employees and Fixed Term Contract excluding on deputation employees and employees shown in Other category in Table 42) as on 1st November 2019

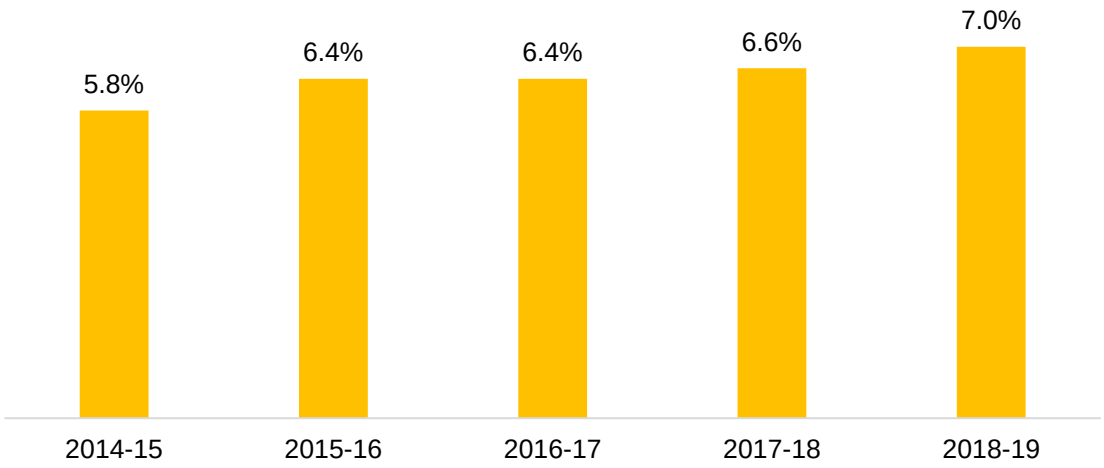
Particulars	Permanent Employees	Fixed Term Contract (FTC)	Total Number of Employees
Pilots & Co-Pilots	172	165	337
Cabin Crew Attendants	-	621	621
All other Personnel	19	370	389
Total	**191**	**1,156**	**1,347**

A comparison of the employee cost as % revenue for the last 5 years is provided

[11] **Passage entitlement policy** of AIXL, provides the employees and their families the benefits of free/ subsidized travel on AI and AIXL flights. Applicable for employees who have completed one year of service.
[12] **Provident fund** - during the service employee contributes 10% of his/her pay plus dearness allowance and an equal amount is contributed by the employer
[13] **Gratuity** – employee is eligible for Gratuity on completion of 5 years of service or more
[14] **Medical Facilities** – Group Medical/ Health Insurance scheme provided to employees and family
[15] **Privilege Leave** – Subject to a maximum of 84 days and subject to approval

below:

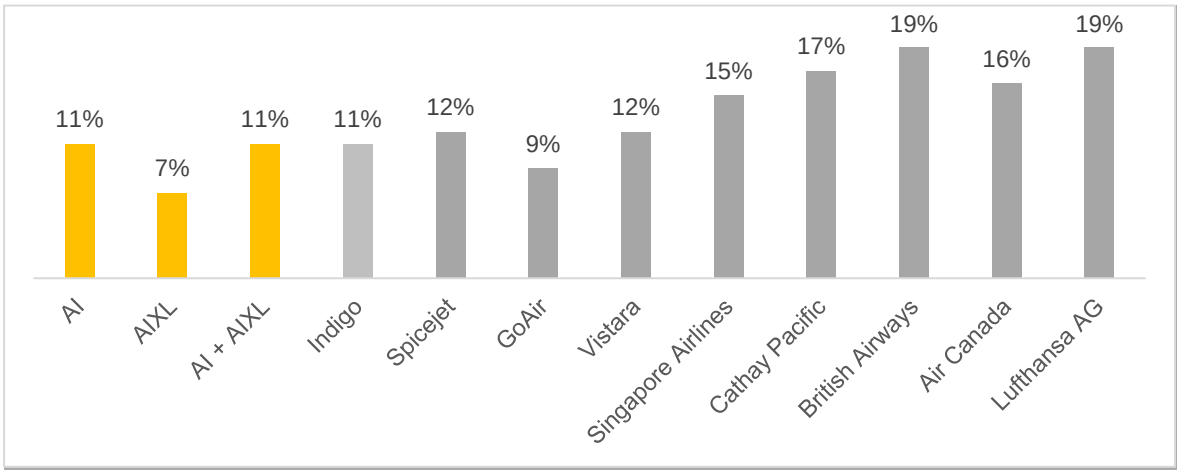
Figure 10: Employee Expenses % of Total Revenue of AIXL for FY2015-19



A comparison of the AIXL employee cost :

i) as a percentage of revenues and comparison thereof with other Indian and international air carriers for FY2019/FY2018/CY2018 as applicable, is provided below:

Figure 11: Employee Expenses % of Total Revenue for various airlines for FY2019/FY2018 as applicable

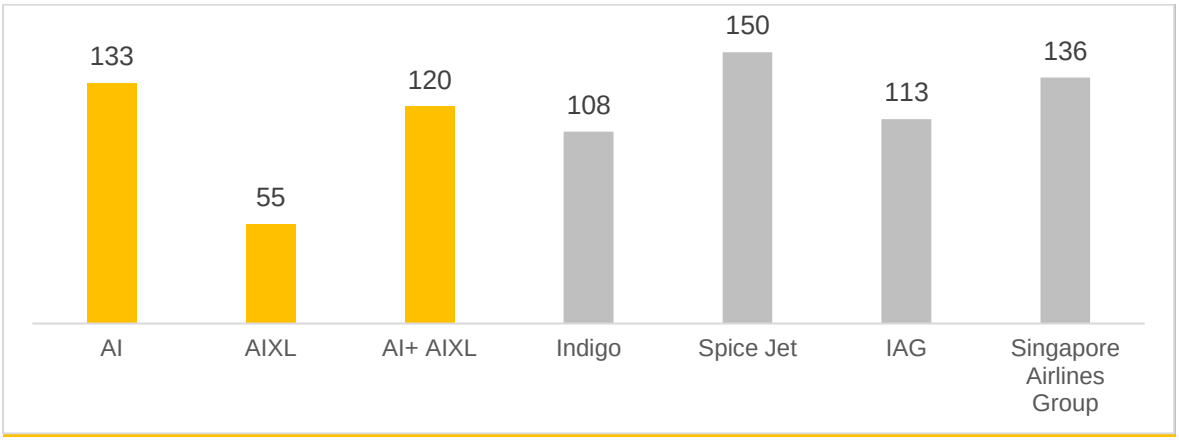


Source: Annual Reports, S&P Capitaliq, EY Estimates

Note: Please refer to note to Figure 4 for AI costs

ii) in terms of employees per aircraft of AIXL and comparison thereof with other Indian and international air carriers for FY2019/FY2018/CY2018 as applicable, is provided below:

Figure 12: Employee per Aircraft for various airlines for FY2019/ FY2018/CY2018 as applicable



Source : Annual Reports, S&P Capitaliq

4.9 Real Estate Assets

As on date, there is no land and building owned by AIXL.

4.10 Slots and Code Share Agreements

It is clarified that slots and bilateral flying rights being utilized by AI and AIXL (as on the date of PIM) shall continue with AI and AIXL, post disinvestment, for a period of at least six months.

In addition to the bilateral rights and slots allotted to and utilised by AI/AIXL, as of the date of the PIM, the bilateral flying rights and slots allotted to and unutilised by AI/AIXL, as on the date which is one month prior to the date of submission of financial bid, shall also continue with AI/AIXL, post disinvestment, for a period of at least six months.

Post the expiry of the aforementioned period, based on actual utilization by AI and AIXL (post disinvestment), continued availability of such bilateral flying rights/slots shall be as per applicable MOCA/DGCA/sector regulations as relevant. Additional details shall be provided at the RFP stage.

i. Slots

Table 48: List of Slots (Arrival and Departures) utilized per week by AIXL as on 1st November 2019

Region	Country	Slots
Gulf		
United Arab Emirates	Dubai	80
	Abu Dhabi	37
	Sharjah	55
	Al Ain	2
	Ras al-Khaimah	2
Oman	Muscat	27
	Salalah	2
Qatar	Doha	26

Region	Country	Slots
Kuwait	Kuwait City	10
Saudi Arabia	Dammam	7
	Riyadh	7
Bahrain	Manama	12
Singapore		
Singapore	Singapore	28
India		
	Amritsar	7
	Mumbai	21
	Kozhikode	81
	Coimbatore	6
	Kochi	51
	Delhi	21
	Chandigarh	3
	Mangalore	30
	Madurai	14
	Jaipur	4
	Lucknow	7
	Chennai	9
	Pune	3
	Thiruvananthapuram	32
	Tiruchirappalli	21
	Varanasi	7
	Vijayawada	3
	Bengaluru	8
	Kannur	24
	Surat	4
Total		**651**

ii. Code share agreements

AIXL has a one-way code share agreement with AI wherein AI is the marketing carrier and AIXL is the operating carrier. Thus, AI sells tickets of AIXL flights.

The international sectors in which codeshare arrangement is provided are:

- Mumbai - Doha vice versa
- Delhi - Abu Dhabi vice versa
- Coimbatore - Singapore vice versa

The domestic sectors offered on codeshare by AIXL are between:

- Delhi- Madurai vice versa
- Delhi- Coimbatore vice versa
- Mumbai- Vijayawada vice versa

These sectors provide both international and domestic connectivity for the passengers.

4.11 Safety and Quality Control

AIXL follows the safety and quality control policies/ procedures as per DGCA CAR Section 1 Series C and Section 5 Series F Part I which conform to the requirement of ICAO and standards mandated by AIXL's board and management.

AIXL follows the requirements stipulated in CAR- Section 5 Series 'F' Part I, CAR-Section 8, Series 'A' Part II, CAR Section 1 Series C Part I and other relevant CARs/ Circulars issued by DGCA and guidelines issued by ICAO. AIXL has an Emergency Response Plan in the extremely unlikely event of an accident to its aircraft. As per appendix 'B' of the CAR Section-5, Series F, Part-I, Rev 2, AIXL has developed a Flight Safety Document Management.

AIXL has implemented the Safety Management Systems (SMS) in accordance with DGCA Civil Aviation Regulation (CAR) Section 1 Series 'C' Part 1 and ICAO Annex 19. The CAR Section 1 Series 'C' Part 1 specifies the minimum acceptable requirements for a safety management system, starting with a safety policy and senior management commitment. These components must be integrated into a coherent management system to be effective.

AIXL has an independent Continuing Airworthiness Management Organization (CAMO) setup under the functions described in CAR M Subpart G issued by DGCA. The CAM Exposure specifies the procedures and practices, the observance of which will ensure compliance of statutory and Continuing Airworthiness requirements of the DGCA, the manufacturer of both, the aircraft and aircraft components.

AIXL actively pursues improving quality through quality programmers. The quality management audits are outsourced to Corporate Quality Management System of AI.

IATA Operational Safety Audit (IOSA)

IOSA Initial audit of AIXL was coordinated with IATA and M/s Qual - Audit (Auditing Agency). AI Corporate QMS coordinated along with nominated AIXL officials involves conduction of Quality and Safety Audits for all operational areas as per the IOSA requirement for continuous improvement. The IOSA initial audit of AIXL was conducted from 30th July to 3rd August 2018. The IOSA Registry awarded to AIXL is valid till 9th December 2020. The IOSA renewal audit for AIXL has been planned in the year 2020.

4.12 Key Financials

Notes: In this section, detailed financials are being provided for reference only. However, IBs are encouraged to refer to the detailed financial statements for AI and its subsidiaries, from the website of AI. It is clarified that certain assets and liabilities,

featuring in the financials of AI and AIXL for FY2019 are in the process of being carved out (including to AIAHL and/or subsidiaries of AI being hived off like AASL and AIESL). Please refer to section 6 for estimated financial position (as per AI), post transfer of such assets and liabilities.

Please note that Financials for the period FY2019 have been duly audited by the Comptroller and Auditor General (CAG).

4.12.1 Profit and Loss Statement

A brief summary of the Profit and Loss Account is provided below:

Table 49: Profit and Loss Statement for AIXL for FY2015-19

Financial Year (INR Mn)	2014-15	2015-16	2016-17	2017-18	2018-19
Operating Revenue	26,219	29,164	32,986	35,444	41,716
Other Income	1	336	344	740	299
Total Revenue	**26,220**	**29,500**	**33,330**	**36,185**	**42,015**
Y-o-Y increase	**10.90%**	**12.51%**	**12.98%**	**8.56%**	**16.11%**
Fuel Expenses	9,461	6,759	8,554	10,508	15,215
Employee Expenses	1,529	1,890	2,131	2,397	2,931
Employee Expenses % of Total Revenue	**5.83%**	**6.41%**	**6.39%**	**6.62%**	**6.98%**
Other Operating Expenses	8,180	9,926	10,759	10,808	10,679
Other Operating Expense % of Total Revenue	**31.20%**	**33.65%**	**32.28%**	**29.87%**	**25.42%**
Other Expenses	957	912	1,593	1,993	1,630
Total Expenses	**20,127**	**19,487**	**23,037**	**25,706**	**30,454**
EBITDAR (Excluding Other Income)	**6,092**	**9,677**	**9,949**	**9,738**	**11,262**
EBITDAR Margin (%) (Excluding Other Revenue)	**23.24%**	**33.18%**	**30.16%**	**27.47%**	**27.00%**
EBITDAR (Including Other Income)	6,093	10,013	10,293	10,479	11,561
EBITDAR Margin (%) (Including Other Income)	**23.24%**	**33.94%**	**30.88%**	**28.96%**	**27.52%**
Aircraft Lease Rentals	208	3	1,876	2,547	3,397
EBITDA (Excluding Other Income)	**5,884**	**9,674**	**8,073**	**7,192**	**7,864**
EBITDA Margin (%)	**22.44%**	**33.17%**	**24.47%**	**20.29%**	**18.85%**
EBITDA (Including Other Income)	5,885	10,010	8,417	7,932	8,164
EBITDA Margin (%) (Including Other Income)	**22.44%**	**33.93%**	**25.25%**	**21.92%**	**19.43%**
Depreciation	2,335	2,407	2,894	2,450	2,608
EBIT	**3,550**	**7,603**	**5,524**	**5,482**	**5,556**
Financial Costs	3,964	3,279	2,962	2,851	2,951
Other Expenses	232	563	191.8	448	918
Prior Period Adjustments (Net)	-36	143	-	-	-
Profit/ Loss before Exceptional and Extraordinary Items and Tax	-610	3,618	2,370	2,183	1,686
PBT	**-610**	**3,618**	**2,370**	**2,183**	**1,686**
PBT Margin	**-2.33%**	**12.26%**	**7.11%**	**6.03%**	**4.01%**
Taxes	-	-	-	-	42
PAT	**-610**	**3,618**	**2,370**	**2,183**	**1,644**
PAT Margin	**-2.33%**	**12.26%**	**7.11%**	**6.03%**	**3.91%**

Financial Year (INR Mn)	2014-15	2015-16	2016-17	2017-18	2018-19
Other Comprehensive Income	-	-	-15.43	12.9	-28.01
Total Comprehensive Income for the year	**-610**	**3,618**	**2,354**	**2,196**	**1,616**

4.12.2 Balance Sheet

A brief summary of the Balance Sheet is provided below:

Table 50: Balance Sheet for AIXL for FY2015-19

Financial Year (INR Mn)	2014-15	2015-16	2016-17	2017-18	2018-19
Liabilities					
Share Capital	7,800	7,800	7,800	7,800	7,800
Surplus in P&L	- 24,337	- 21,874	-19,541	-17,887	-16,286
Sub Total	**- 16,537**	**- 14,074**	**- 11,741**	**- 10,087**	**- 8,486**
Long-Term Borrowings	17,725	14,822	8,254	4,600	1,778
Other Financial Liabilities	-	-	-	-	5
Long-Term Provisions	129	56	76	63	142
Sub Total	**17,854**	**14,878**	**8,330**	**4,663**	**1,925**
Short-term Borrowings	10,021	18,220	20,483	23,464	25,549
Trade Payables	8,809	7,363	9,620	10,303	9,710
Other Financial Liabilities	-	4,917	5,504	4,629	3,319
Current Maturities of finance lease obligations	3,404	-	-	-	-
Other Current Liabilities	15,100	4,802	4,070	3,130	4,534
Short Term Provisions	5	1,454	639	374	770
Sub Total	**37,339**	**36,756**	**40,316**	**41,900**	**43,882**
Total Liabilities	**38,656**	**37,560**	**36,905**	**36,476**	**37,321**
Non-Current Assets					
Net Asset block	32,633	31,781	30,396	29,536	28,774
Intangible Assets	8	1	1	-	-
Capital work in Progress	-	-	-	-	95
Financial Assets	-	39	45	132	162
Other Non-Current Assets	-	-	-	67	60
Total Non-Current Assets	**32,641**	**31,821**	**30,442**	**29,735**	**29,091**
Long Term Loans and Advances	363	-	-	-	-
Sub-Total	**363**	**-**	**-**	**-**	**-**
Inventories	1,877	1,696	2,079	2,717	2,646
Trade Receivables	634	319	363	320	382
Cash and Bank Balance	894	582	1,342	775	752
Bank balances other than Cash & Cash Equivalents	-	426	225	167	219
Other Financial Assets	-	602	592	1,232	1,346
Current Tax Assets	-	69	16	9	12
Short Term Loans and Advances	2,238	-	-	-	-

Financial Year (INR Mn)	2014-15	2015-16	2016-17	2017-18	2018-19
Other Current Assets	9	2,045	1,846	1,521	2,871
Assets held for Sale	-	-	-	-	1
Sub Total	**5,652**	**5,739**	**6,463**	**6,741**	**8,230**
Total Assets	**38,656**	**37,560**	**36,905**	**36,476**	**37,321**

4.12.3 Debt Position

A brief summary of the outstanding debt position as of 31st March 2019 is provided below:

Table 51: Debt Summary AIXL for 31st March 2019

Facility	Outstanding Amount* (INR Mn)	Security
Finance Lease Obligations	3,873	GOI Guarantee + Aircraft assets
Short Term Loans		Unsecured
Buyers Credit	3,455	
Overdraft	3,942	
Term Loan	5,691	
Debenture -NCD	950	GOI Guarantee
Total	**17,911**	

**Note: Loan from AI of INR 11,510 Mn has not been included in the above figure.*

4.12.4 Contingent Liabilities

As per the FY2019 financial statements, some of the claims against AIXL not acknowledged as debt (excluding interest and penalty, wherever applicable) and being contested to the extent ascertainable and quantifiable, are as provided below:

Table 52: Contingent Liabilities of AIXL as of 31st March 2019 (in INR millions)

Particular	As on 31.03.2018	Addition	Deletion	As on 31.03.2019
Disputed Service Tax Demand	879.13	0.91	-	880.04
Disputed Customs Duty Demand	5.74	2.62	-	8.36
Claims against the Company not acknowledged as Debt	31.35	-		31.35
Penal charges on delayed payment of guarantee fees	791.20	-	791.20	-
Total	**1,707.42**	**3.53**	**791.20**	**919.75**
Court cases filed by employees	Amount unascertainable			

Additional information on contingent liabilities may be provided at the RFP stage.

AIR INDIA SATS

5. AISATS - COMPANY DETAILS

5.1 Registration Details

Table 53: Company Registration Details for AISATS

Particulars	Details
Name	Air India SATS Airport Services Private Limited
Constitution	Company Limited by Shares/ Indian Non-Government Company
Date of Incorporation	20/04/2010
Registered Office	Airlines House, 113, Gurudwara Rakabganj Road, New Delhi – 110 001
CIN Number	U74900DL2010PTC201763

AISATS is a 50:50 Joint Venture between AI and SATS Limited. Ground handling and cargo handling contracts have also been signed between AI and AISATS. The working agreements between AI and AISATS have been formalized by service level agreements. The details of the agreements are provided in the VDR.

5.2 Capital Structure

Table 54: Capital Structure and Shareholding Pattern of AISATS as on 1st November 2019

Particulars	No. of Equity Shares	Share Capital (INR Mn)
Authorized Share Capital	500,000,000	5,000
Issued, Subscribed and Paid-up Share Capital	80,849,950	808

** Face value of each Equity Share is INR 10*

5.3 Board of Directors

Table 55: Board of Directors of AISATS as of 1st November 2019

S. No.	Name and Designation	DIN
1.	Mr. Ashwani Lohani, - Chairman (Appointed as the Chairman on the Board of AISATS w.e.f. 15.02.2019)	01023747
2.	Mr. Vinod Hejmadi - Director	07346490
3.	Mr. Denis Suresh Kumar Marie – Director (Appointed as a Director on the Board of AISATS w.e.f. 07.03.2019)	03249666
4.	Mr. Yacoob Bin Ahmed Piperdi – Director	03292525
5.	Mr. Ramanathan Rajamani – Director (Appointed as the Director on the Board of AISATS and CEO of AISATS w.e.f. 10.11.2018)	08268563
6.	Ms. Meenakshi Mallik (Appointed as the Director on the Board of AISATS w.e.f. 30.08.2019)	08524108

5.4 Key Management Personnel

Brief details of the Key Management Personnel of AISATS are as given below.

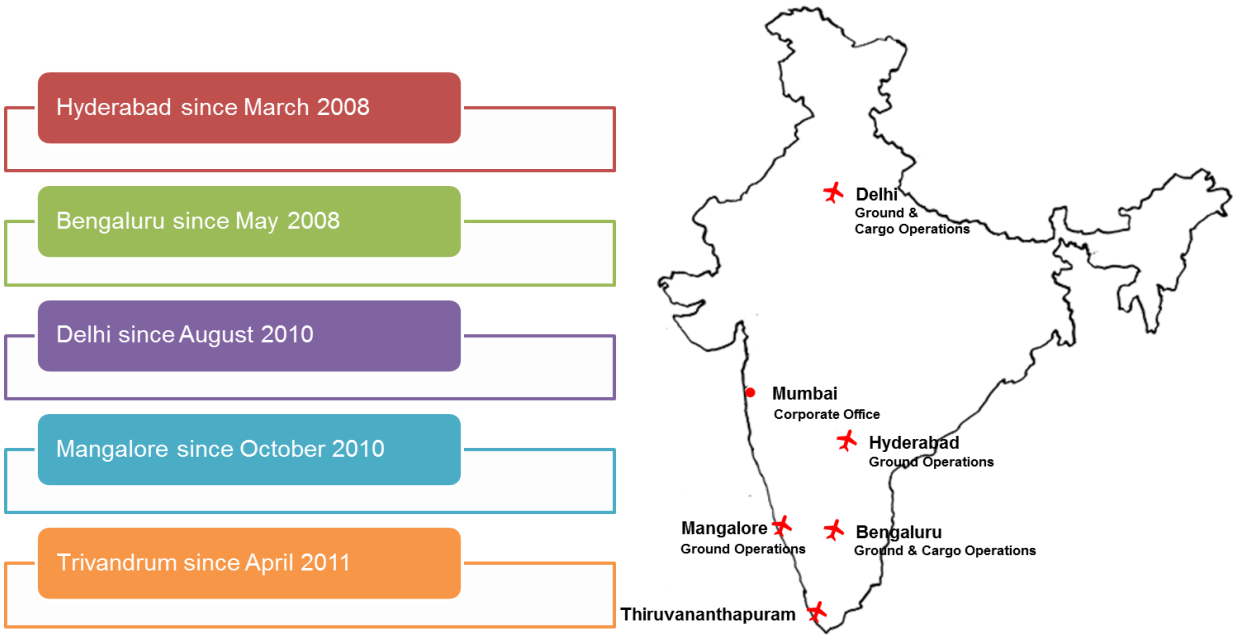
Table 56: Key Management Personnel of AISATS as on 1st November 2019

S. No.	Name	Designation	Qualification	Years of Experience
1.	Mr. Ramanathan Rajamani	Chief Executive Officer	Bachelor of Engineering as well as a Master of Science, majoring in Logistics. Awarded an Executive Master of Business Administration from the Nanyang Technological University and the International Air Transport Association (IATA) under the joint sponsorship of SATS & Civil Aviation Authority of Singapore (CAAS)	15
2.	Mr. Sanjay Gupta	Chief Financial Officer	Chartered Accountant (CA), B.com	22
3	Mr. Raj Andrade	Chief Commercial Officer	Airline Executive Specialist	35
4.	Mr. Yoga Narasimhan	Chief Operation Officer	Post graduate in Commerce, Certified Management Accountant	32
5.	Ms. Sonal Dandekar	Company Secretary	Company Secretary (CS), LLB, B.com	14

5.5 Operations

a. Presence

Figure 13: AISATS presence in India



b. Customers

Table 57: Key customers of AISATS

AISATS Customers
Air Arabia
Air Asia X
Air India
Air India Express
Air Mauritius
All Nippon Airways
Asiana Airlines
Blue Dart
Cathay Pacific Airways
Emirates
Etihad Airways
Etihad Airways PJSC
Federal Express Corporation
FlyDubai
Flynas
Go Air
Hong Kong Dragon Airlines
Kuwait Airways
Mahan Air
Malaysia Airlines
Malaysia Airlines Freighter
Maldivian

AISATS Customers
Oman Air
Pakistan Intl Airlines
Qatar
Saudi Arabian Airlines
Scoot Air
SilkAir
Singapore Airlines
Singapore Airlines Cargo
Spicejet
Srilankan Airlines Ltd
Tajik Air
Thai Airways
Tiger Airways
Trujet – Ramp
Turkish Cargo
Uni-Top Airlines
Vistara

c. Select Operation Details

Table 58: Select Operation Details for AISATS as on March 31, 2019

Data for year ending Mar, 19 Airport Name	Services Provided	Total Handling Operations (Domestic & International)		
		No. of Flights handled	No. of Passengers handled	Cargo Tonnage handled
Bengaluru	General Cargo and Perishable Cargo (AISATS has concessions for both Cargo Terminals) and Ground Handling	24,960	3,420,375	1,63,499
Hyderabad	Ground Handling	20,022	1,773,586	-
Mangalore	Ground Handling	6,777	540,731	-
Trivandrum	Ground Handling and Cargo Handling (AISATS doesn't have the concession for Cargo terminal)	7,688	1,899,197	16,229
Delhi	Ground Handling and Supervision work for Air India cargo terminal, Automated Exterior Cleaning	67,808	20,067,502	1,39,452
Total		**127,235**	**27,701,391**	**319,180**

d. Market share

AISATS has the dominant market share of the available international market across all the airports that it provides service at:

Table 59: Market Share as on November 1, 2019

	Bengaluru	Delhi	Hyderabad	Trivandrum	Mangalore
Market Share by Number of Airline customers	49%	19%	66%	69%	100%

	Bengaluru	Delhi	Hyderabad	Trivandrum	Mangalore
(International) including AI					
Market Share by Number of Airline customers (International) excluding AI	46%	18%	65%	64%	100%
Market Share by Number of Flights (International) including AI	58%	49%	77%	81%	100%
Market Share by Number of Flights (International) excluding AI	51%	17%	69%	70%	100%

Source : AISATS

5.6 Employee Strength

The total contract employees of AISATS as on 1st November 2019 were 11,958. The details of the employees of AISATS have been mentioned below:

Table 60: Break-up of AISATS as on 1st November 2019

	Permanent Employees	Contract Employees	On Deputation Employees	Others
AISATS	-	11,958	399*	137**

**From AI*
***Outsourced staff (handyman and loaders at Bengaluru Cargo)*

Table 61: Indicative position-wise Employee details of AISATS (excluding on deputation employees) as on 1st November 2019

Particulars	Contract
Executive (AVP and above)	**42**
SVP and above	7
VP	9
AVP	26
Officers (AM to Senior Manager)	**500**
Senior Manager	52
Manager	75
Assistant Manager	373
Workmen	**11,416**
Total	**11,958**

Contracts of all the contract employees of AISATS will be expiring in the next 4 years. Below is an indicative break-up of the same:

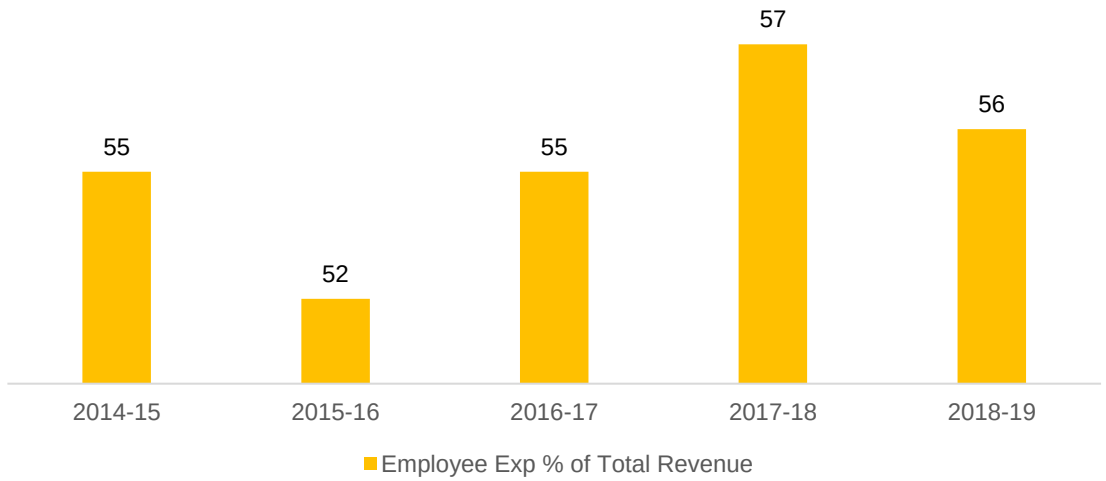
Table 62: Indicative list of AISATS Contract Employees whose contracts are expiring in next 5 years

	Up to 31st Mar, 2020	FY 2021	FY 2022	FY 2023	FY 2024	Total
Contract Employees whose contracts are expiring	2052	3243	3718	2945	-	**11,958**

Employees in AISATS are provided with provident fund and gratuity as per the statutory requirements. Employees who are out of the purview of Employees' State Insurance Corporation are covered under medical insurance (Employee, spouse and up to two dependent children up to the age of 25 years are covered under the medical insurance policy with sum insured of INR 2 Lakhs (family floater) provided either the employee or the dependents are hospitalized for minimum period of 24 hours; Maternity is covered for first two children with separate sub-limits for normal and Caesarian delivery).

Further details of the above benefits may be provided as a part of the RFP.

Figure 14: Employee Expenses % of Total Revenue of AISATS for FY2015-19



Note: Expenses towards Contract manpower has been added in the computation of employee expenses above.

5.7 Real Estate Assets

As on date, AISATS owns building situated on leasehold land at Bengaluru.

5.8 Safety and Quality Control

AISATS Safety and Security

i. Safety Management System (SMS)

a. In order to implement Safety Management System and for continuous improvement of operational performance and operational safety, AISATS has developed a Safety Policy. AISATS has a Safety Program which helps in

creating safety awareness, setting safety performance standards and effective reporting of incidents and accidents.

b. Risk Assessment and Risk Mitigation

All employees are encouraged to submit Voluntary Safety Hazard Reporting (VSHR) which helps in raising alarms for potential safety deficiencies so that necessary corrective action can be implemented. To foster this, AISATS has a Non Punitive policy in place.

Safety Assurance: AISATS SMS also outlines a Safety Assurance program. The purpose is to ensure that AISATS is complying with all applicable safety regulations by continuously monitoring the implementation of the safety program and making necessary corrections, wherever required.

Additionally, as per SMS, it is mandatory to report all incidents / accidents.

ii. AISATS Safety Awards

AISATS has won the following Safety Awards:

- AISATS Hyderabad won best overall Safety Performance in ramp activities by Cathay Pacific
- AISATS Hyderabad was appreciated by GMR Hyderabad for its significant contribution in Airport Safety initiative
- AISATS Delhi won in All Nippon Airways Quality awards which cover areas of ramp safety as well

iii. AISATS Certification

All the 5 stations of AISATS (Bengaluru, Delhi, Hyderabad, Trivandrum and Mangalore) are ISAGO and ISO 9001: 2008 certified.

5.9 AISATS Quality

AISATS is committed to deliver quality services to its customers and in turn, to their passengers. To fulfil this, AISATS has its own Quality Management System (QMS) designed in line with the guiding principles of ISAGO and ISO 9001: 2008.

In AISATS, quality team is in place which ensures that QMS system is developed, implemented and monitored. In addition, AISATS has a Quality Policy in line with its vision, mission and business objectives.

5.10 Key Financials

Notes: In this section, detailed financials are being provided for reference only. However, IBs are encouraged to refer to the detailed financial statements for AI, its subsidiaries and joint venture, from the website of AI.

5.10.1 Profit and Loss Statement

A brief summary of the Profit and Loss Account is provided below:

Table 63: Profit and Loss Statement for AISATS for FY2015-19

Financial Year (INR Mn)	2014-15	2015-16	2016-17	2017-18	2018-19
Operating Revenue	4,960	5,568	6,029	6,586	7,197
Other Income	84	134	115	138	121
Total Revenue	**5,044**	**5,703**	**6,144**	**6,724**	**7,318**
Y-o-Y increase	*7%*	*13%*	*11%*	*9%*	*9%*
Employee Expenses	2,763	2,950	3,415	3839	4,099
Employee Expenses % of Total Revenue	*55%*	*52%*	*55%*	*57%*	*56%*
Other Expenses	1,377	1,656	1,650	1,939	2,212
Total Expenses	**4,140**	**4,606**	**5,605**	**5,778**	**6,311**
EBITDA (Excluding Other Income)	**820**	**962**	**964**	**807**	**886**
EBITDA Margin (%)	*17%*	*17%*	*15%*	*12%*	*12%*
EBITDA (Including Other Income)	**903**	**1,097**	**1,079**	**945**	**1,007**
EBITDA Margin (%) (Including Other Income)	*18%*	*19%*	*17%*	*14%*	*14%*
Depreciation	278	388	420	298	335
EBIT	**625**	**708**	**659**	**647**	**673**
Financial Costs	66	89	115	113	161
PBT	**560**	**619**	**544**	**535**	**511**
PBT Margin	*11%*	*11%*	*9%*	*8%*	*7%*
Taxes and Other comprehensive Income	23	72	-156	25	63
Other Comprehensive Income	-	-	-8	4	-5
PAT	**536**	**547**	**692**	**514**	**443**
PAT Margin	*11%*	*10%*	*11%*	*8%*	*6%*

5.10.2 Balance Sheet

A brief summary of the Balance Sheet is provided below:

Table 64: Balance Sheet for AISATS for FY2015-19

Financial Year (INR Mn)	2014-15	2015-16	2016-17**	2017-18**	2018 – 19**
Share Capital	808	808	808	808	808
Surplus in P&L	1,545	2,019	2,758	3,223	3,616
Sub Total	**2,353**	**2,827**	**3,566**	**4,031**	**4,425**
Long-Term Borrowings	-	184	284	432	727
Other Long Term Liabilities	52	52	119	107	124
Long-Term Provisions	48	53	85	117	149
Sub Total	**100**	**288**	**488**	**656**	**1,000**
Short-term Borrowings	902	1349	1,426	1,441	1,198
Trade Payables	431	230	225	206	290
Current Maturities of Long Term Debt	-	63	262	109	484
Other Current Liabilities	277	526	446	359	301
Short Term Provisions	150	91	38	37	52

Financial Year (INR Mn)	2014-15	2015-16	2016-17**	2017-18**	2018 – 19**
Sub Total	**1,760**	**2,260**	**2,397**	**2,152**	**2,325**
Total Liabilities	**4,213**	**5,375**	**6,451**	**6,839**	**7,751**
Net Asset block	1,450	1,833	1,837	2,123	2,212
Intangible Assets	1	14	12	3	36
Capital Work in progress	-	153	9	31	5
Total Non-Current Assets	**1,451**	**1,999**	**1,858**	**2,157**	**2,254**
Long Term Loans and Advances	735	881	1,270	1,273	963
Other Non-Current Assets	44	71	637	745	1,776
Sub-Total	**778**	**952**	**1,907**	**2,018**	**2,178**
Inventories	33	43	140	130	125
Trade Receivables	1,378	1,737	2,223	2,160	2,605
Cash and Bank Balance	481	528	264	291	433
Short Term Loans and Advances	92	65	8	6	12
Other Current Assets	-	50	51	73	145
Sub Total	**1,984**	**2,423**	**2,686**	**2,660**	**3,319**
Total Assets	**4,213**	**5,375**	**6,451**	**6,839**	**7,751**

*** FY 2016 – 17, FY 2017-18 and FY 2018 – 19 are reported on Ind AS principles.*

5.10.3 Debt Position

A brief summary of the outstanding debt position as of 31st March 2019 is provided below:

Table 65: Debt Summary AISATS for 31st March 2019

Facility	Outstanding (INR Mn)	Security
Secured Term Loan	**739**	First pari-passu charge on equipment (ground support equipment and cool port equipment's) both present and future
Secured Loans repayable on demand		
Cash credit	444	
Overdraft	404	First pari-passu hypothecation charge on entire inventory, receivable and other current assets (present and future)
Working capital demand loan	350	First pari-passu hypothecation charge on entire current assets of AISATS including receivables and first pari-passu residual hypothecation charge on movable fixed assets of AISATS
Sub-Total	**1,198**	
Unsecured Buyers Credit	473	
Total	**2,410**	

5.10.4 Contingent Liabilities

As per the FY2019 financial statements, some of the claims against AISATS not acknowledged as debt (excluding interest and penalty wherever applicable) and being contested to the extent ascertainable and quantifiable, are provided in the table below:

Table 66: Contingent Liabilities of AISATS as of 31st March 2019

Contingent Liability (INR Mn)	2017	2018	2019
Claims against AISATS not acknowledged as debt, AISATS has filed appeal against the same	297	Nil	Nil
Disputed demand in respect of Income tax (net of tax paid)	104	Nil	191

6. PROPOSED REALLOCATION OF DEBT AND LIABILITIES

The GOI has decided that the existing debt and liabilities of AI and AIXL (as presented in their respective balance sheets and in Table 25 and Table 50) are being reallocated such that on the date of the closing of the Proposed Transaction:

- the debt to be retained in AI and AIXL remains at INR 2,32,865 Mn; and
- the sum of certain identified current and non-current liabilities (other than debt) to be retained in AI and AIXL will be equal to the sum of certain identified current and non-current assets of AI and AIXL

It is clarified that there would be no re-allocation of debt and liabilities of AISATS.

Additional details on debt and liabilities re-allocation may be provided at the RFP stage.

6.1 Debt Allocation

At the time of closing of the Proposed Transaction, debt of INR 2,32,865 Mn will remain with AI and AIXL, and the remaining debt of AI and AIXL will be allocated to AIAHL.

As an illustration, if the Proposed Transaction were to be hypothetically closed as on March 31, 2020, the debt of INR 2,32,865 Mn would have been allocated to AI and AIXL (combined). Similarly, even if the Proposed Transaction were to be hypothetically closed as on June 30, 2020, the debt of INR 2,32,865 Mn would have been allocated to AI and AIXL (combined).

The allocation of debt to AIAHL, is subject to receipt of requisite approvals from lenders, creditors and regulators, as applicable.

6.2 Liabilities (current and non-current liabilities other than debt) allocation

Out of the balance liabilities (i.e. other than debt as mentioned in clause 6.1), certain identified current and non-current liabilities that are equivalent to sum of certain identified current and non-current assets, are proposed to be retained in AI + AIXL, as on date of the closing of the Proposed Transaction.

The remaining liabilities of AI and AIXL will be allocated to AIAHL.

As an illustration, if the Proposed Transaction were to be hypothetically closed as on March 31, 2019, the liabilities of INR 87,715 Mn (equivalent to certain identified current and non-current assets of AI + AIXL as on March 31, 2019) would have been allocated to AI and AIXL (combined). Similarly, if the Proposed Transaction were to be hypothetically closed as on March 31, 2020, and on such date the sum of certain identified current and non-current

assets of AI and AIXL is INR 97,000 Mn, then liabilities of INR 97,000 Mn (equivalent to certain current and non-current assets of AI + AIXL as on March 31,2020) would have been allocated to AI and AIXL (combined).

The allocation of liabilities to AIAHL, is subject to receipt of requisite approvals from lenders, creditors and regulators, as applicable.

6.3 Contingent Liabilities

All contingent liabilities will remain with AI and AIXL provided that the following contingent liabilities will be indemnified by GOI in case these contingent liabilities are confirmed against AI and / or AIXL.

- Income Tax;
- Customs duty;
- Service Tax (due to GOI); and
- Guarantee Fee/Penal charges due to GOI

Further details with respect to the above, and the treatment of contingent liabilities due to employees already retired, will be clarified at the RFP stage.

6.4 Corporate Guarantee

It is clarified that the Corporate Guarantees / Letters of Comfort given by AI on behalf of AASL, subject to receipt of requisite approvals, will not continue post the closing of the Proposed Transaction. However, the support extended by AI to AIXL (inter alia Corporate Guarantee etc.) will continue, post the closing of the Proposed Transaction.

6.5 Indicative Adjusted Financials (*assuming completion of transfer of certain assets, debt and liabilities featuring in the FY 2019 financials of AI, AIXL*)

It is clarified that certain assets, debt and liabilities, featuring in the financials of AI for FY2019 are still in the process of being carved out to AIAHL/GOI. The indicative adjusted financials stated below are given only to give prospective bidders a broad idea of financial position assuming:

- transfer of the assets from AI to AIAHL or GOI completed by 31st Mar,2018 (31st Mar, 2018 date hypothetically assumed only so that impact of asset transfer for the complete year is reflected in profit and loss statement for period 1st Apr, 2018 to 31st Mar, 2019) - for the purpose of indicative adjusted profit and loss statement

- transfer of the assets from AI completed by 31st Mar, 2019 for the purpose of indicative adjusted balance sheet

- transfer of the debt and liabilities from AI/AIXL completed by 31st Mar, 2019 for the purpose of indicative adjusted balance sheet

6.5.1 Indicative Adjusted Profit and Loss Statement (standalone) for AI

A brief summary of the indicative adjusted Profit and Loss Account of AI[#] (incorporating impact of assets/liabilities transfer as per clause 6 above) is provided below:

Table 67: Indicative adjusted Profit & Loss statement for AI for FY2019

Financial Year (INR Mn)	2018-19 (Audited)	2018-19 (Adjusted)*
Operating Revenue	2,55,088	2,48,181
Other Income	9,218	5,318
Total Revenue	**2,64,306**	**2,53,499**
Fuel Expenses	1,00,345	1,00,345
Employee Expenses	30,052	27,927
Employee Expenses % of Total Revenue	*11%*	*11%*
Other Operating Expenses	1,00,188	97,426
Other Operating Expense % of Total Revenue	*38%*	*38%*
Other Expenses	14,798	14,798
Total Expenses	**2,45,383**	**2,40,496**
EBITDAR (Excluding Other Income)	**9,705**	**7,685**
EBITDAR Margin (%) (Excluding Other Revenue)	*4%*	*3%*
EBITDAR (Including Other Income)	**18,923**	**13,003**
EBITDAR Margin (%) (Including Other Income)	*7%*	*5%*
Aircraft Lease Rentals	30,926	30,926
EBITDA (Excluding Other Income)	**-21,221**	**-23,241**
EBITDA Margin (%) (excluding Other Income)	*-8%*	*-9%*
EBITDA (Including Other Income)	**-12,003**	**-17,923**
EBITDA Margin (%) (Including Other Income)	*-5%*	*-7%*

[#] *since transfer of assets of AIXL to AIAHL/GOI is not envisaged at this stage, there are no adjustments in profit and loss statement for AIXL*

**please note that these adjusted financials are indicative and approximate. As an example, these figures do not consider adjustments for the variable income and variable expenses associated with respect to the 4 B-747-400 aircraft which are proposed to be transferred to AASL prior to the completion of the Proposed Transaction. Additional details may be provided at the RFP stage.*

6.5.2 Indicative Adjusted Balance Sheet for AI + AIXL (Combined)

A brief summary of the indicative adjusted balance sheet, combined for AI and AIXL, incorporating appropriate impact of assets/liabilities transfer as per clause 6.1 and 6.2 above, is provided below:

Table 68: Indicative adjusted Balance Sheet combined for AI & AIXL for FY2019

Financial Year (INR Mn)	As on March 31, 2019			AI+ AIXL 2018-19 (Adjusted[1])
	AI (2018-19) (Audited)	AIXL (2018-19) (Audited)	Inter-Company Elimination (on consolidation of AI & AIXL)	
Liabilities				
Shareholder's Funds				
Share Capital	3,26,652	7,800	7,800	3,26,652
Surplus in P&L	(6,21,316)	(16,287)	-	(2,78,101)
Share Application Money Pending Allotment	-	-	-	
Sub Total	**(2,94,664)**	**(8,487)**	**7,800**	**48,551**
Non-Current Liabilities				
Long-Term Borrowings	83,000	1,778	-	**Debt#:** 2,32,865 **Liabilities other than debt*:** 87,715
Other Long-Term Liabilities	48	5	-	
Long -Term Provisions	28,272	142	-	
Sub Total	**111,320**	**1,925**	**-**	
Current Liabilities and Provisions				
Short-term Borrowings	2,76,303	24,599	11,510	
Trade Payables	82,043	9,710	-	
Current Maturities of Long Term Debt	199,717	3,045	-	
Other Current Liabilities	146,686	5,759	-	
Short Term Provisions	2,117	770	-	
Sub Total	**706,866**	**43,883**	**11,510**	
Total Liabilities	**523,522**	**37,321**	**19,310**	**3,69,131**
Assets				
Non-Current Assets				
Net Asset block	259,662	28,774	-	2,67,203
Intangible Assets	195	-		
Capital Work in progress	727	95		
Intangible Assets under development	13	-		
Total Non-Current Assets	**2,60,596**	**28,869**	**-**	**2,67,203**
Non-Current Investments	9,331	-	7,800	1,531
Deferred Tax Assets (net)	28,425	-	-	28,425
Long Term Loans and Advances	16,781	-	10,586	6,195
Other Non-Current Assets	5,877	222	-	6,100
Sub-Total	**60,414**	**222**	**18,386**	**42,250**
Current Assets, Loans and Advances				
Inventories	8,064	2,646	-	10,052
Trade Receivables	19,921	382	-	18,658
Cash and Bank Balance	8,432	971	-	9,403
Short Term Loans and Advances	4,728	1,346	924	5,148
Other Current Assets	1,61,367	2,885	-	16,415
Sub Total	**202,512**	**8,230**	**924**	**59,677**
Total Assets	**523,522**	**37,321**	**19,310**	**3,69,131**

1- Adjusted figures includes the impact of inter-company eliminations and adjustments on account of assets / liabilities transfer

**represents sum of current and non-current liabilities (other than debt)*

 # represents total debt which includes Long Term Borrowings, Short Term Borrowings, Finance Lease Obligations and Current maturities of Borrowings & Finance Lease Obligations

Please note that above financial statements (clauses 6.5.1 and 6.5.2) are only indicative and approximate and have been provided on a no-reliance basis for a better understanding of the proposal. Additional details may be provided at the RFP stage.

INDUSTRY OVERVIEW: AIRLINE SECTOR

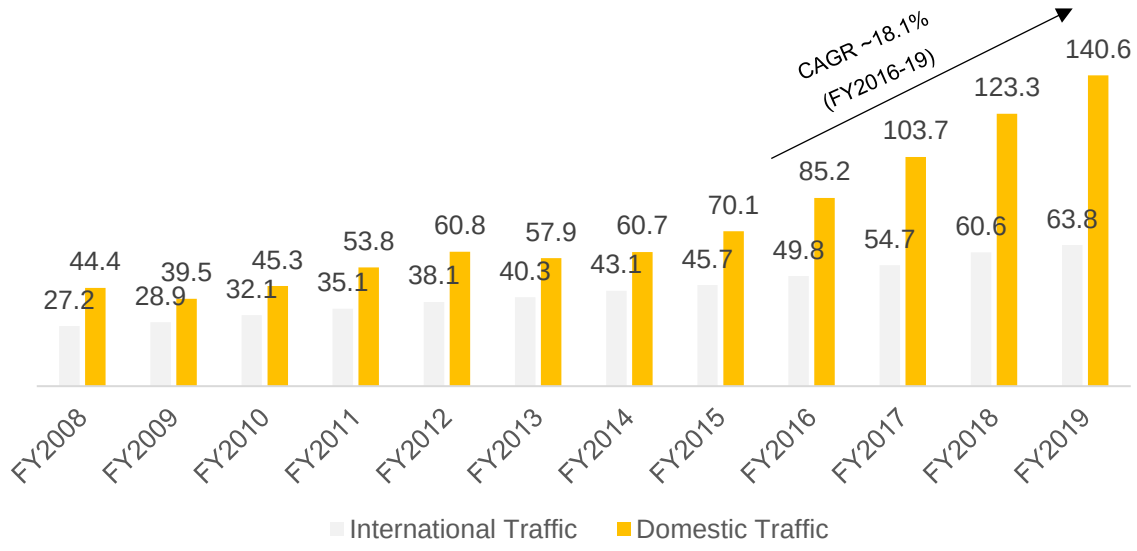
7. AIRLINE INDUSTRY OVERVIEW

7.1 Indian Air Travel Market

Overview of Indian Air Travel Market

- India is the third largest air travel market in terms of domestic passenger traffic, behind the United States and China and ahead of Japan. India aims to become the third-largest aviation market globally by 2024[16].
- Indian air travel market has been showing sustained growth:
  - Domestic Air Traffic increased ~**3.2x** at CAGR of ~11.0% between FY2008 and FY2019. Growth rate has significantly accelerated in last three years with CAGR of ~18.1%.
  - International traffic increased ~**2.3x** at CAGR of ~8.0% between FY2008 and FY2019

Figure 15: Indian Domestic and International Traffic Growth from FY2008-19

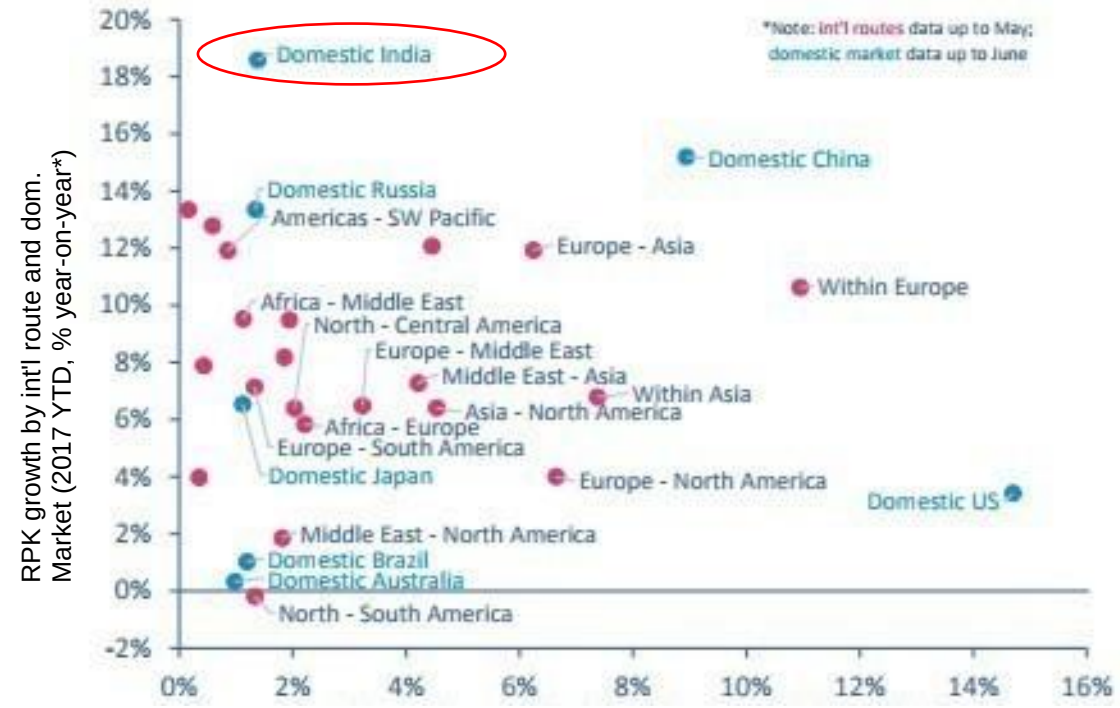


Source: DGCA
*Passenger Traffic in millions

- Very low air traffic penetration compared to other markets globally, offering a significant potential for growth in the years ahead. In 2018, India showed a remarked growth of 18.6% in RPK in domestic airline demand, which was three times the global RPK growth of 6.5%[17].

[16] Invest India Aviation Sector Report
[17] Invest India Aviation Sector Report

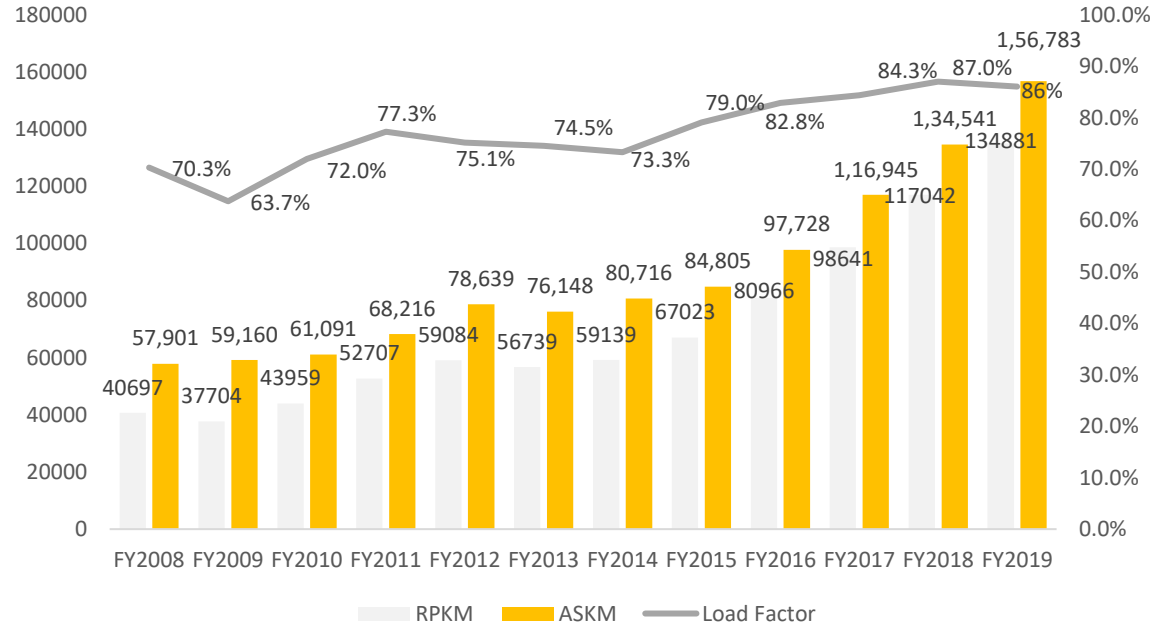
Figure 16: Comparison of Air Traffic Penetration of various markets globally



Source: IATA

- Demand has outstripped growth in supply leading to high load factors for industry as a whole. Load factors have seen almost a 16 percentage point growth in last 10 years.

Figure 17: Growth in ASKMs, RPKMs and Load Factor for Indian Air Travel Market from FY08-19



Source: DGCA

7.2 Air Travel Growth Drivers

The following are expected to be the key drivers of air travel growth in India in future:

- **Economic Growth**
  India has become the fifth largest economy in the world after US, China, Japan and Germany[18] in 2019. Asian Development Bank projects a growth rate of 6.5% in FY2020 for India. Proactive policy interventions are expected to result in recovery of domestic demand and investment activities, resulting in an increased growth forecast for FY2021 of 7.2%, as per Asian Development Bank Outlook 2019 report.

- **Growth in Middle Class/ Working population**
  India is projected to surpass China to become the world's most populous country by 2027, as per The World Population Prospects 2019. With a population of 1.37 bn in 2019, India currently accounts for ~18% of the world's population, only ~4% behind China (1.43 bn).
    - India's middle-class growth is predicted to accelerate. From 2027, India's population is set to overtake China's and the middle class may overtake that of the United States, Europe and China.
    - Working population (aged between 15 and 64 years) is estimated to increase from 780 Mn in 2011 to 900 Mn by 2030, almost three times the US population.
    - As per IATA, India is forecasted to gain an additional 414 million passengers by 2037, largely contributed by the growth in Indian middle-class population, as per IATA. Furthermore, the per capita income is expected to increase to almost USD 5,000 per year in 2036[19].

- **Growth in Tourism**
  Total contribution by travel and tourism sector to India's GDP is expected to increase from US$ 247.30 billion in 2018 to US$ 492.21 billion in 2028. Travel & Tourism industry's contribution to the GDP is expected to grow at a CAGR of 7.1% between 2017-2028[20].
  Emergence of business hubs like Mumbai (Finance), Bengaluru (IT), Chennai (IT), Delhi (Manufacturing, IT), is likely to boost business travel. International tourism as well as medical tourism will be key drivers of the growth.

- **Low Aircraft Penetration Rates**
  India's penetration of 0.10 annual domestic seats per capita is low relative to other developing markets such as Vietnam, China, Indonesia, Thailand and

[18] Global Aviation Summit FICCI
[19] IATA Air Transport Report January 2019
[20] IBEF Tourism and Hospitality Sector October 2019 Report/

Malaysia, where penetration rates are between 0.39 and 1.04 annual seats per capita according to CAPA[21].

With economic growth, it is expected that India's air penetration rate will increase substantially in the next few years.

- **Expansion in Airport Infrastructure**

  Indian airport infrastructure is expected to witness USD 5 bn investment between FY2018 and FY2023. The government is expected to invest ~USD 1.8 bn for development of infrastructure, navigation services and greenfield airports under PPP model by 2026[22].

  - Government plans to increase the number of operational airports to ~200 by FY2040 from ~103 airports currently.
  - The Airports Authority of India (AAI) plans to revive and operationalize ~50 airports in India to improve regional and remote air connectivity.

- **Policy Support:**

  FDI is allowed for scheduled air transport service, regional air transport service and domestic scheduled passenger airlines as per the FDI Policy.

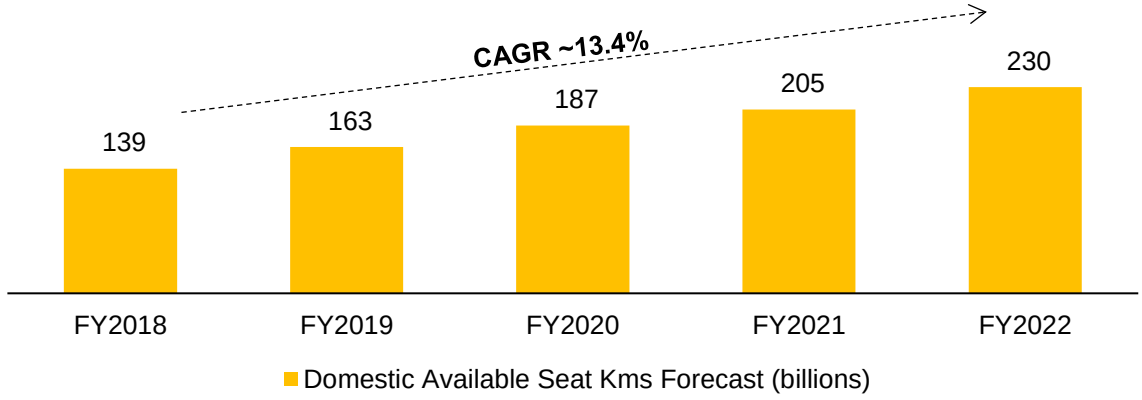
  IB's are advised to obtain own advice on the FDI and other regulations applicable to the aviation sector.

7.3 Demand and Supply Projections

CAPA Projections

Between FY2018 and FY2022, domestic ASKMs are forecast to grow at a CAGR of 13.4%, while domestic passengers carried are forecast to grow at a CAGR of 9.4%, according to CAPA.

Figure 18: Forecasted ASKMs of Indian Scheduled Domestic Carriers (In Bn)*



Source: IndiGo Prospectus, 18th September 2017

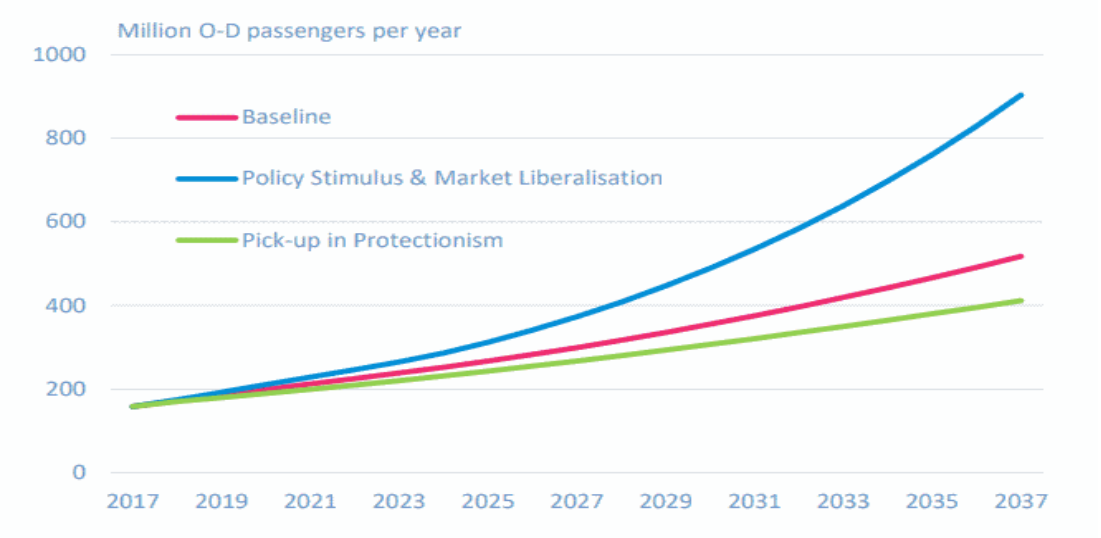
**Actual ASKM of Indian carriers on scheduled domestic services during FY2018 and FY2019 are 135 Mn and 157 Mn respectively (Source: DGCA)*

[21] IndiGo Prospectus, 18th September 2017
[22] IBEF Aviation Industry October 2019 Report

IATA Projections

IATA projects growth of air passenger demand in India at 9.1% under a favorable policy backdrop leading to ~900 million passengers travelling to and from India in 2037.

Figure 19: Forecasted growth for 2017-37 for India



Source: IATA India's Air Transport Report January 2019

Boeing Projections

As per the Boeing's Market Outlook 2019-2038, South Asia is projected to continue its strong passenger growth rate in the next 20 years (2019-2038) at an average of about 7.4 percent per year. India-domiciled airlines generate 80% of the total ASKMs for the region.

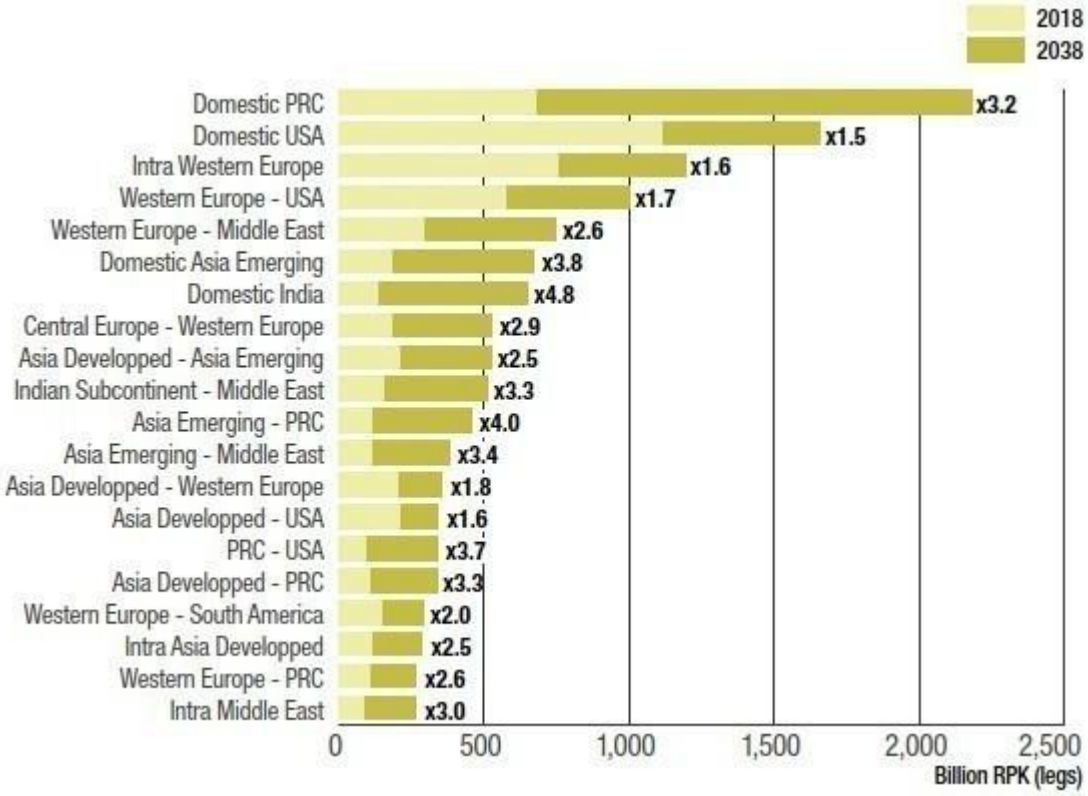
Boeing forecasts a demand for 2,560 new aircraft in South Asia, valued at $365 Bn, over the next 20 years. Indian aviation market is among the fastest growing in the world.

Airbus Projections

Domestic India is projected to be fastest growing aviation market and has grown at a CAGR of 11.1% for 1998-2018 period.

By origin and destination passenger flows, India's domestic air travel market is forecast to grow 4.8 times from 2018 to 2038, the highest growth rate among the expected 20 largest markets globally in 2038.

Figure 20: Forecasted growth for 2018-38 for the expected 20 largest markets in 2038



Source: Airbus GMF 2019

Competitive Landscape

Table 69: Key players in Indian Air Travel Market

Carriers	Fleet Size^	Domestic cities served	Domestic market share**	Int'l cities served	Int'l market share***	Total cities served
AI & AIXL*	150	57	12.8%	45	50.64%	**102**
IndiGo	235	52	47.8%	16	30.3%	**68**
SpiceJet	98	53	15.3%	9	12.7%	**62**
GoAir	32	27	11.5%	9	4.2%	**36**
Vistara	19	30	5.9%	5	0.8%	**35**
Air Asia (India)	21	20	6.4%	-	-	**20**

Source: DGCA, Company Website, Annual Reports, EY Estimates

**Data is inclusive of AIXL*
^Fleet Size for AI & AIXL is as on 1st November 2019 (includes 4 B747-400 aircraft which are proposed to be transferred to AASL), for IndiGo and SpiceJet is as on 30th June 2019, for others is as per 31st March 2019/ DGCA
***Domestic market share is for Q2 FY2020 from DGCA website*
**** Int'l market share considering only Indian air carriers is for Q2 FY2020 from DGCA website*

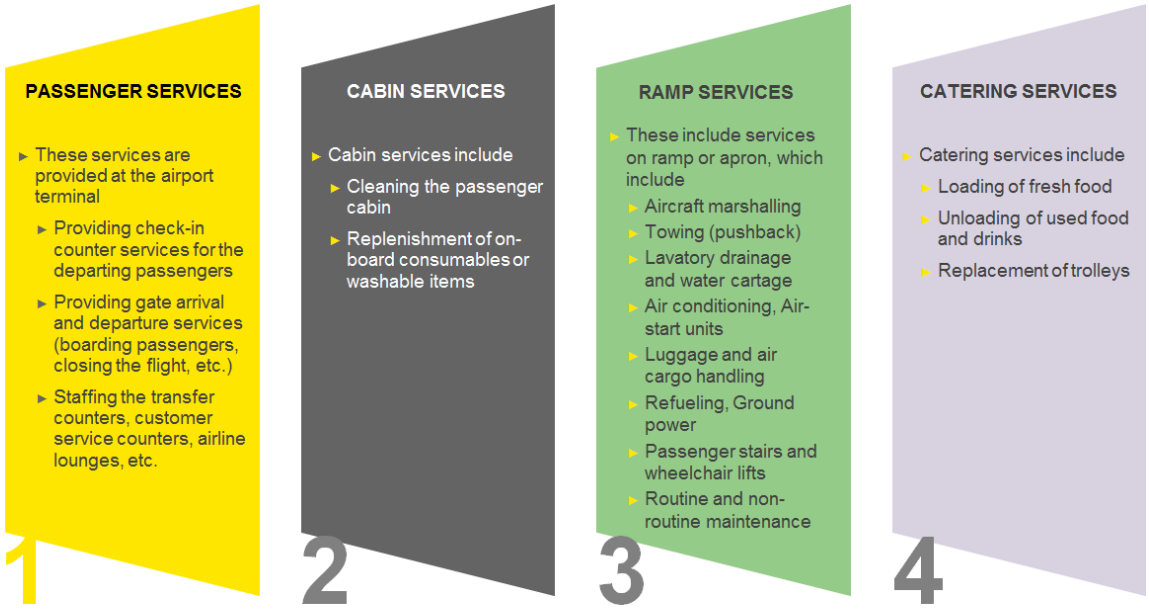
INDUSTRY OVERVIEW: GROUND HANDLING

8. GROUND HANDLING INDUSTRY OVERVIEW

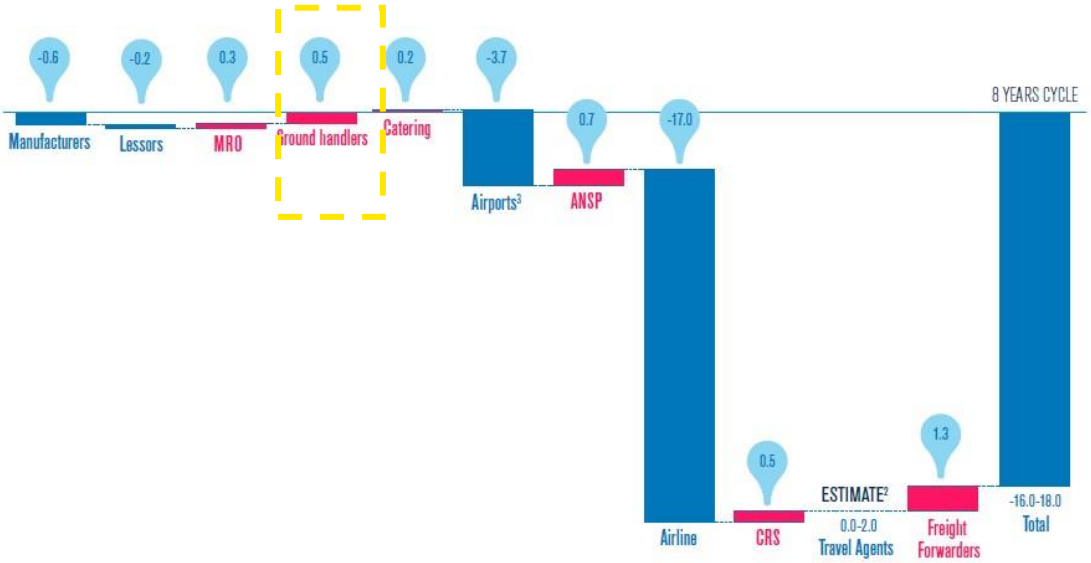
8.1 Overview

Aircraft ground handling defines the servicing of an aircraft while it is on the ground and parked at a terminal gate of an airport.

Major categories of ground handling services are:



The ground handling business is among the most profitable businesses in the air transport value chain. The graph below depicts the economic profits in the air transport value chain (excluding fuel and labor)[23].



[23] IATA Report

8.2 Ground Handling Market size

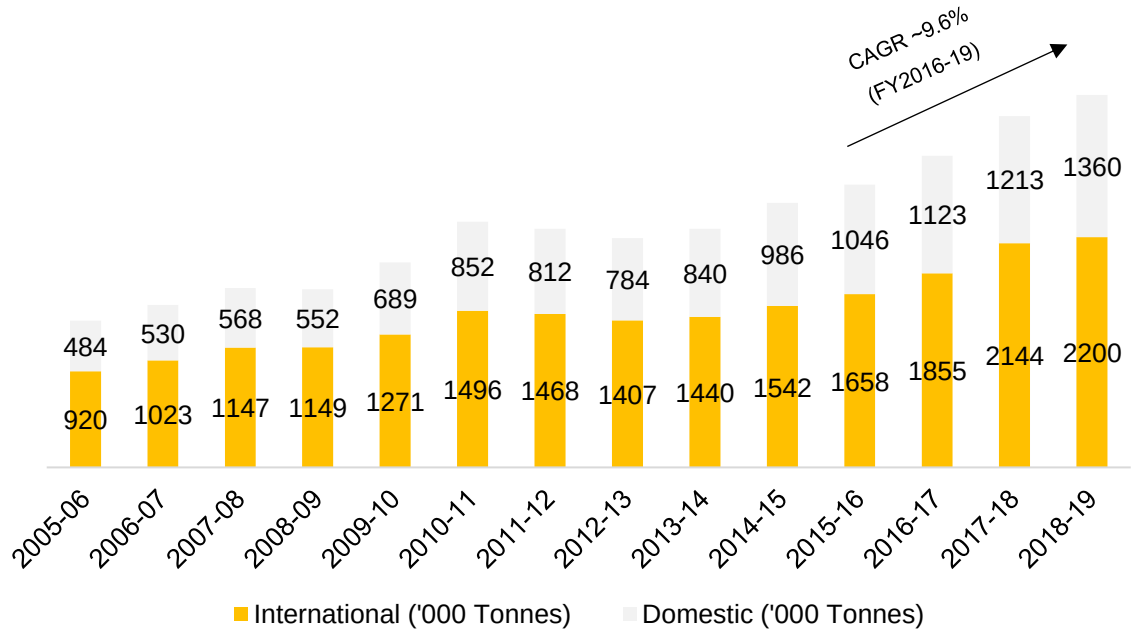
The **global ground handling** market size was estimated at USD 130 Bn in 2018 and is projected to exceed USD 190 Bn by 2025 with CAGR of ~5%[24]. Asia Pacific aircraft ground handling market is projected to hold over 25% revenue share by 2025, on account of an increase in travel route options, regional economic expansion, rising urbanization, increasing population and prominence of travelling by air. This is supported by numerous initiatives by airport authorities for augmentation of airport and other infrastructure developments that shall stimulate the industry in the region[25] .

8.2.1 Cargo/logistics industry

Indian logistics industry was valued at an estimated US$ 160 Bn in 2017. It is expected to grow to US$ 215 Bn by 2020 with a CAGR of ~10.5%[26].

In FY 2019, total cargo/ freight traffic in India was 3.56 Mn tonnes. Between FY 20016-19, domestic freight traffic grew at a CAGR of ~8.3% and international freight traffic grew at CAGR of ~6.9%. Total freight traffic is expected to reach 17 Mn tonnes by FY2040[27].

Figure 21: Freight Traffic at Indian Airports



Source: Airports Authority of India

Expanding cargo-handling infrastructure at airports, demand for speedy delivery, growth in import and export in India and increase in the number of operating flights are some of the key drivers for growth in freight traffic.

[24] GM Insights Press Release on Aircraft Ground Handling
[25] GM Insights Press Release on Aircraft Ground Handling
[26] Niti Ayog Economic Survey FY2018
[27] IBEF Aviation Industry October 2019 Report

Future growth in international cargo traffic is expected to be stimulated by trade agreements and trade in sectors like electronics, garments and pharmaceuticals. Growth in domestic cargo traffic is expected to be led by expansion of industrial activities. Investments in airport and logistics infrastructure are also expected to drive demand of air cargo. Government's National Air Cargo Policy 2019, which aims to make air cargo and logistics in India efficient, seamless, and cost and time effective, has also boosted the Indian air cargo and logistics industry.

8.3 Ground Handling Growth drivers

1. Strong growth in aviation market

Growth in passenger traffic has been strong since the new millennium, especially with rising incomes and low-cost aviation; during FY 2008-19, domestic passenger traffic expanded at a CAGR of 11.0% and international passenger traffic registered growth at a CAGR of 8.0%. Further, by 2036, passenger traffic at Indian airports is expected to increase to 480 Mn from 345 Mn in 2018-19[28].

As per Airbus estimates, Domestic India is projected to be fastest growing aviation market at 10.7% CAGR (2016-26) and 8.8% CAGR (2026-36).

2. Increasing aircraft fleet of airline operators

The total fleet size of scheduled Indian operators as of July 2019 stands at 643 aircraft[29]. Backed by strong demand (CAGR ~20% for last three years), the fleet size of airline operators in India is expected to grow significantly. Indian air carriers are expected to double their fleet capacity to around 1,100 aircraft by 2027.

Many Indian scheduled airline operators such as Air Vistara, SpiceJet, Indigo and GoAir have already placed orders for fleet expansion to cater to the increased demand, resulting in new business opportunities for the ground handlers.

3. Government initiatives – Ground handling services at airports (as per Airports Authority of India, Notification No. F.No. AAI/OPS/707/GHR-2018, dated October 26, 2018, Notification No. F. No. AAI/OPS/707/GHR, dated September 24, 2019 and the DGCA Notification No. 10/2018, dated October 25, 2018)

Salient/select features of the policy are provided below. However, IBs are advised to refer the detailed policy/regulations.

- Airports with an annual passenger throughput of ≥ 10 million passengers p.a. to have three ground handling agencies including that of

[28] IBEF Aviation Industry October 2019 Report
[29] IBEF Aviation Industry October 2019 Report

(a) the airport operator or its joint venture or its 100% owned subsidiary;
(b) a Joint Venture or a subsidiary of Air India; and
(c) any other ground handling agencies appointed by the airport operator through a transparent bidding process

- At airports with an annual passenger throughput of ≤ 10 million passengers p.a., the airport operator to decide on the number of ground-handling agencies (based on traffic output, airside and terminal building capacity), not exceeding three including that of:
  (a) the airport operator or its Joint Venture or its 100% owned subsidiary;
  (b) a Joint Venture or a subsidiary of Air India; and
  (c) any other ground handling agency appointed by the airport operator through a transparent bidding process.
- At all airports, the joint venture or subsidiary of AI shall match the lowest royalty paid by the other ground handling agencies as long as the majority share in such entity is with the Government
- The above provisions relating to subsidiary or joint venture of the Air India shall apply so long as such ground handling agency remains a subsidiary or a fifty-fifty joint venture of a public sector undertaking and in case such ground handling agency ceases to be subsidiary or a fifty-fifty joint venture of a public sector undertaking, the above provisions shall continue to apply to such ground handling agency at all such airports where it is operating as a ground handling agency, for a period of eighty-four months from the date such ground handling agency ceased to be a subsidiary or a joint venture of a public sector undertaking;
- Ground handling agency, with foreign ownership of 50% or more of its paid-up capital shall not be allowed to undertake ground handling activities at civil enclaves
- No royalty is payable in case of self-handling
- All airlines, joint ventures, subsidiaries, ground handling agencies shall enter into an agreement with the airport operator for the satisfactory observance of performance of standards as may be mutually acceptable

4. Airport development and Regional Connectivity Scheme (RCS)

The government has proposed to invest ~USD 1.83 Bn[30] for development of airport infrastructure and aviation navigation services by 2026. With the launch of RCS scheme, the demand for ground handlers in India is expected to further increase.

- In October 2016, the central government launched UDAN – the regional connectivity scheme for civil aviation to increase air travel penetration in India to underserved routes. The UDAN Phase 3 focuses on extension of the scheme to tourist routes and routes in the North-Eastern region[31].

[30] IBEF Aviation Industry October 2019 Report
[31] PIB Release of UDAN Round 3, 2019

- The regional connectivity scheme will be applicable on route length between 200 to 800 km with no lower limit set for hilly, remote, island and security sensitive regions.
- The Central government will provide concessions to the tune of 2% excise on Value Added Tax (VAT), service tax at 1/10th the rate and liberal code sharing for regional connectivity scheme airports.
- Market-based reverse bidding mechanism to determine least VGF to select the airline operator with the right to match to the initial proposer. The VGF will be reduced if passenger load factor remains high and will be discontinued after 3 years when route becomes self-sustainable[32].

[32] https://www.aai.aero/en/rcsudan

PART B

9. PROCESS OF PROPOSED TRANSACTION

9.1 The process for the Proposed Transaction has been divided into two stages, namely, Stage I and Stage II, collectively referred to as "Bid Process".

Stage I - PIM Stage

9.2 Through this PIM, the GOI is providing the IBs with instructions for submitting their EOI to the TA, acting on behalf of the GOI, which would be used for prequalifying the IBs for Stage II in accordance with the criteria specified herein.

9.3 IBs also have the option to access the Virtual Data Room ("VDR"), containing additional information about Companies as well as the draft share purchase agreement ("SPA"), prior to submitting the EOI, by submitting the following to the TA at the address mentioned in Clause 1.1:

(a) Confidentiality Undertaking as provided in Annexure 9

(b) Demand Draft of Rs. 1,00,00,000/- (INR Ten Mn only) (INR One Crore Only) towards non-refundable VDR access fee drawn in favour of "Ernst & Young LLP", payable at New Delhi

Further process details of the VDR access will be provided to IBs subsequently, post submission of the documents mentioned in (a) and (b) above.

It is clarified that, the Application Fee (as defined in Clause 10.4 (A)) shall be payable in addition to above mentioned non-refundable VDR access fee. Any IB, who has paid VDR access fee in Stage I shall not be required to pay additional fee to access VDR in Stage II - RFP stage. For the avoidance of doubt, in case any IB, who has paid the access fee for VDR, does not submit the EOI, access of the VDR to such IB shall be terminated on the last date of EOI submission and the demand draft of INR 1,00,00,000/- shall be forfeited.

As mentioned above, VDR shall also have SPA and IBs can give their comments on the same. The comments shall be emailed at projectroyaleoi@in.ey.com in the following format :

Sr. No.	Clause Reference	Clarification/ Additional Information required/Suggestion for change	Rationale for clarification/additional information required/suggested change as applicable

However, in the sole discretion of GOI, responses to such SPA related

queries/comments may be provided, partly in Stage I (and uploaded in the VDR) and balance responses may be provided in the Stage II- RFP stage, wherein the SPA would be finalized.

9.4 The EOI will be evaluated based on the Eligibility Criteria, Disqualifications and other terms detailed in this PIM.

9.5 Only IBs shortlisted in Stage I ("**Qualified Interested Bidders", "QIB**") would be allowed to participate in Stage II.

Stage II - RFP stage

9.6 The QIBs will be provided with an RFP, continued access to VDR to review certain additional information if any (compared to information shared in Stage I), pertaining to the Companies for conducting a due diligence on the Companies and a CIM, which shall provide certain details of the Companies and the Proposed Transaction. The format and formalities related to the RFP process shall be communicated in due course. The QIBs will be required to undergo a transparent bidding process for the Proposed Transaction, in accordance with the terms of the RFP.

9.7 The QIB will be required to deposit earnest money (in the form of bank guarantee) at Stage II as required by GOI.

9.8 The QIBs who participate in the financial bid submission, will be required to apply for security clearance process in accordance with the terms of the RFP. The execution of the share purchase agreement and the completion of the Proposed Transaction would be subject to the security clearance process.

9.9 The H1 bidder (highest bidder), who is in compliance with the terms of the RFP will be referred to as the "Confirmed Selected Bidder".

Other Details regarding the Proposed Transaction:

9.10 An advertisement ("Advertisement") will be issued in certain newspapers on 27th January 2020, inviting IBs to submit their EOIs for participating in the Proposed Transaction. A copy of such advertisement is enclosed as Annexure 1.

This PIM contains the following:

(a) Part A

(i) Introduction

(ii) Company Overview

(iii) Company Details

(iv) Key Financials

(v) Industry Overview

(b) Part B

(i) Proposed Transaction Process

(ii) Instructions for Submission of EOI

(iii) Eligibility Criteria for IBs

(iv) Disqualifications

(v) Advertisement - Annexure 1

(vi) Format of EOI for a sole bidder - Annexure 2

(vii) Format of EOI for a Consortium - Annexure 3

(viii) Format of Statement of Legal Capacity for sole bidder - Annexure 4

(ix) Format of Statement of Legal Capacity for Consortium -Annexure 5

(x) Format of Form A - Annexure 6

(xi) Format of Power of Attorney - Annexure 7

(xii) Format of Consortium Agreement - Annexure 8

(xiii) Format of Confidentiality Undertaking – Annexure 9

(xiv) Office Memorandum in respect of DIPAM guidelines - Guidelines for qualification of Bidders seeking to acquire stakes in Public Sector Enterprises through the process of disinvestment - Annexure 10

(xv) Format of declaration with respect to statement of legal proceedings in compliance with the DIPAM guidelines - Annexure 11

(xvi) Format of declaration with respect to security clearance - Annexure 12

(xvii) Guidelines for Management - Employee Bids in Strategic Sale - Annexure 13

(xviii) Power of Attorney for Employee Participation - Annexure 14

(xix) DIPAM Guidelines for Employees Bids - Annexure 15

(xx) Format of certificate from its statutory auditors (or in the event that the IB does not have a statutory auditor, the person who has undertaken an audit of the financial accounts of the IB in the immediately preceding financial year or in the event the IB is a natural person, certificate from the chartered accountant practising in India and registered with Institute of Chartered Accountants of India) that IB meets the Financial Capability (Net Worth/ ACI), specifying the Net Worth/ ACI- Annexure 16

(xxi) Format of certificate from chartered accountant practising in India and registered with Institute of Chartered Accountants of India specifying the net worth of the employee (applicable in case of employee bids) – Annexure 16 A

(xxii) Format of covering letter for certificate of Financial Capability (Net Worth/ ACI) - Annexure 16B

(xxiii) In case of IB taking benefit of financial strength of Affiliate, format of certificate from:

Statutory auditors of Affiliate of IB (or in the event that the Affiliate of IB does not have a statutory auditor, the person who has undertaken an audit of the Affiliate in the immediately preceding financial year)

Or

in case where Affiliate is a natural person or IB is an LLP, certificate from chartered accountant (practising in India and registered with Institute of Chartered Accountants of India)

that Affiliate of IB meets the Financial Capability (Net Worth/ ACI), specifying the Net Worth/ ACI- Annexure 16C

(xxiv) Statement of outstanding litigations along with a certificate that as per IB's assessment, likely outcome of outstanding litigations against such IB, its Associate, Controlling Shareholder(s) /partners (in case the IB or Affiliate includes a LLP) and Affiliate (only in case IB is taking benefit of financial strength of such Affiliate), shall not have any impact on IB's capability to (a) participate in the Bid Process (b) undertake and consummate the Proposed Transaction and impact IB's qualification in terms of the Eligibility Criteria - Annexure 17

(xxv) Statement of contingent liabilities along with a certificate that as per IB's assessment, likely outcome of contingent liabilities of such IB, its Associate, Controlling Shareholder(s)/partners (in case the IB or Affiliate includes a LLP) and Affiliate (only in case IB is taking benefit of financial strength of such Affiliate), shall not impact on IB's capability to (a) participate in the Bid Process (b) undertake and consummate the Proposed Transaction and impact IB's qualification in terms of the Eligibility Criteria - Annexure 18

(xxvi) Format for certificate on No Prohibition - Annexure 19

(xxvii) Format for Affidavit - IBs undertake all the information to be true and correct - Annexure 20

(xxviii) Format for Confirmation by Affiliate - applicable for IB's taking benefit of financial strength of Affiliate – Annexure 21

9.11 IBs will be required to submit their respective EOI in the formats as detailed in this PIM along with non-refundable Application Fees as detailed herein.

9.12 The QIBs shall carry out their own due diligence, independent assessment and appraisal of the Companies and the Proposed Transaction including all information provided as a part of the PIM, SPA, VDR, RFP and definitive documents. The GOI or the Companies or TA or their respective consultants,

agents, officials, advisors and employees make no representations in relation thereto and shall not be liable in any manner whatsoever for any decision taken on the basis of such information.

9.13 Details regarding the process to be followed in relation to the Proposed Transaction after the IBs have been shortlisted in Stage I will be subsequently shared with the QIBs in the RFP.

9.14 EOIs are liable to be rejected by the GOI if the relevant IBs fail to meet the qualifying eligibility criteria as specified in the section titled 'Eligibility Criteria' and/ or are disqualified in accordance with the conditions specified in section titled 'Disqualifications' in this PIM or any other terms and conditions mentioned in the PIM or on account of security considerations or for any other reason deemed fit, or even without assigning any reason whatsoever.

9.15 GOI reserves the right to modify/ postpone/ cancel or call off the Proposed Transaction without communicating any reasons whatsoever. In such an event, no financial obligation whatsoever shall accrue to the GOI, Companies, or TA or their advisors or any of their respective officers, employees, advisors or agents.

9.16 TA also reserve the right to call for any additional document(s)/ information from the IBs (after the EOI Deadline), which may be considered necessary for evaluation of the EOI or otherwise, in the sole discretion of TA, without any liability to the GOI, Companies, TA or their respective officers, employees, advisors or agents.

9.17 By submitting their EOIs, the IBs shall be deemed to have acknowledged that the PIM is not a legally binding document. In case of any dispute between the parties in respect of interpretation of the terms of Advertisement, this PIM, or anything arising therefrom, such dispute shall be referred to the President of India or officiating person and he shall adjudicate and decide the dispute, if any, between the parties and his decision shall be final, conclusive and binding on all parties. The laws of the Republic of India shall govern all matters relating to the Proposed Transaction. All disputes will be subject to jurisdiction of the Courts at New Delhi (to the exclusion of all other Courts).

Neither the IBs nor any of the IB's representatives shall have any claims whatsoever against the Companies/ GOI/TA or their advisors or any of their respective officials, agents, consultants or employees arising out of, or relating to this PIM.

10. INSTRUCTION FOR SUBMISSION OF EOI

10.1 The expression of interests conforming to the conditions of this PIM shall be submitted, in original, along with all annexure(s) duly filled in and all the supporting documents ("EOI"), at the following address on or before the EOI Deadline. Unless otherwise specified, a certified true copy (duly verified by a notary or apostilled or duly legalised, as relevant) of all the supporting documents shall be submitted at:

Mr. Kuljit Singh/ Mr. Sushi Shyamal Vemu
Partner, Ernst & Young LLP India
3rd Floor, Worldmark-1,
IGI Airport Hospitality District, Aerocity, New Delhi-110037, India
(Note: The above address for submission may be changed at the discretion of the TA)

The EOI of IB shall be considered as part of the contract documents in case the IB is declared as the Confirmed Selected Bidder.

10.2 Submission of the EOIs by any electronic means and /or facsimile will not be accepted.

10.3 Any EOI received after the EOI Deadline will be rejected.

10.4 The IBs shall submit the original EOI physically in bound form mentioning the page number on each document (the Demand Draft shall not be bound), with IB's signature and stamp on each page. The EOI shall be submitted in sequence in a sealed, cover envelope clearly marked "Private and Confidential – Expression of Interest for the Strategic Disinvestment of Air India Limited" in different file folders as per the following directions:

A. Cover 1:

(i) Demand Draft of INR 10,00,000/- (INR One Mn only) (INR Ten Lakhs) towards non-refundable fees as Application Fee for the EOI drawn in favor of Ernst & Young LLP, payable at New Delhi.

B. Cover 2 *:*

(ii) Letter of EOI in the format specified: In case of a sole bidder as per Annexure 2 and in case of a Consortium as per Annexure 3.

(iii) Statement of Legal Capacity: In case of a sole bidder as per Annexure 4, and in case of a Consortium as per Annexure 5.

(iv) Duly filled in Form A by IB (sole bidder or each member of Consortium, as applicable) and Affiliate (only in case IB is taking benefit of financial strength of such Affiliate). These forms shall be submitted along with all the supporting documents (as per Annexure 6), including the following major supporting documents:

a. Executive summary providing brief description of the IB (sole bidder or each member of Consortium, as applicable) and Affiliate (only in case IB is taking benefit of financial strength of such Affiliate),containing details like ownership structure, sources of funds, identity of the natural persons who are the Ultimate Beneficial Owners ["**Ultimate Beneficial Owner**" means the natural person or persons who are the ultimate beneficial owners of the IB and Affiliate (only in case IB is taking benefit of financial strength of such Affiliate),and/or who ultimately own, control or influence the IB and Affiliate (only in case IB is taking benefit of financial strength of such Affiliate), and includes a person who exercises ultimate effective control over a legal person or arrangement], the Effective Place of Management of business of the IB (sole bidder or each member of the Consortium) and Affiliate (only in case IB is taking benefit of financial strength of such Affiliate) ["**Effective Place of Management**" means the place where key management and commercial decisions that are necessary for the conduct of business of an entity as a whole are, in substance, made], write up on business history and growth, business areas/ activities, respective revenue details, etc. It shall also include a brief commentary on the capability of the IB (sole bidder or each member of Consortium, as applicable) and Affiliate (only in case IB is taking benefit of financial strength of such Affiliate), as demonstrated, inter alia, in its past track record, to run its own business.

b. Contact information of the IB (sole bidder or each member of the Consortium, as applicable) and Affiliate (only in case IB is taking benefit of financial strength of such Affiliate), including full name, address, telephone and facsimile numbers, e-mail address and the names and the titles of the persons who are the principal points of contact for the IB (sole bidder or for each member of the Consortium, as applicable) and Affiliate (only in case IB is taking benefit of financial strength of such Affiliate) and identifying Lead Member of the Consortium. Details of the website, if any, of the IB (sole bidder or each member of Consortium, as applicable) and Affiliate (only in case IB is taking benefit of financial strength of such Affiliate), are also to be provided.

c. Basic information pertaining to incorporation and commencement of business of IB (sole bidder or each member of Consortium, as applicable) and Affiliate (only in case IB is taking benefit of financial strength of such Affiliate).

d. A copy of memorandum of association, articles of association, certificate of incorporation, certificate of commencement of business, charter documents, constitution documents, partnership deed, etc. as may be applicable, and registration documents with SEBI/ relevant authority in the applicable jurisdiction for Funds, of the IB (sole bidder or each member of Consortium, as applicable) and Affiliate (only in case IB is taking benefit of financial strength of such Affiliate).

e. A certificate for list of board of directors, principal shareholders or owners or equivalent, and key management personnel of IB (sole bidder or each member of Consortium, as applicable) and Affiliate (only in case IB is taking benefit of financial strength of such Affiliate).

f. A certificate by statutory auditor or in the event that the IB and/or Affiliate (only in case IB is taking benefit of financial strength of such Affiliate), does not have a statutory auditor, the person who has undertaken an audit of the IB (sole bidder or each member of Consortium, as applicable) and/or Affiliate (only in case IB is taking benefit of financial strength of such Affiliate), as the case may be, in the immediately preceding financial year, for the shareholding pattern/ ownership of IB (sole bidder or each member of Consortium, as applicable) and Affiliate (only in case IB is taking benefit of financial strength of such Affiliate).

g. A certificate of IB (sole bidder or each member of Consortium, as applicable) for eligibility to participate in the Proposed Transaction.

h. Certificate by statutory auditor or in the event that the IB and/or Affiliate (only in case IB is taking benefit of financial strength of such Affiliate), do not have a statutory auditor, the person who has undertaken an audit of the IB (sole bidder or each member of Consortium, as applicable) and/or Affiliate (only in case IB is taking benefit of financial strength of such Affiliate), in the immediately preceding financial year; or in the event the IB and/or Affiliate is a natural person, certificate from the chartered accountant practising in India and registered with Institute of Chartered Accountants of India, certifying the Net Worth/ACI of the IB (sole bidder or each member of Consortium, as applicable) and/or Affiliate (only in case IB is taking benefit of financial strength of such Affiliate) as the case may be, as defined in the Eligibility Criteria and also specifying that the methodology adopted for calculating

such items conforms to the provisions mentioned in clause 11.2 11.3 and 11.4 of this PIM (as per Annexure 16, Annexure 16 A, Annexure 16 C).

i. Covering letter for certificate of Financial Capability- Net Worth/ACI (as per Annexure 16 B).

j. Audited Financial Statements (on standalone and consolidated basis)/Annual Reports for the previous 3 (three) financial years for the IB (sole bidder or each member of the Consortium, as applicable) and Affiliate (only in case IB is taking benefit of financial strength of such Affiliate).[In case some members of the Consortium were incorporated less than 3 years ago, then 3 years financial statement of the Lead Member of the Consortium and largest shareholder in Consortium shall be provided]. If unlisted company/companies or any other entities are members of the Consortium/ or are Affiliate(s)(only in case IB is taking benefit of financial strength of such Affiliate) and if audited financial statements are not available for the immediately preceding financial year despite compliance with all applicable laws, then available audited financial statement(s) shall be provided along with the latest available unaudited/provisional numbers as certified by the statutory auditors (or in the event that the IB or the Affiliate (only in case IB is taking benefit of financial strength of such Affiliate) do not have a statutory auditor, the person who has undertaken an audit of the IB or the Affiliate (only in case IB is taking benefit of financial strength of such Affiliate) in the immediately preceding financial year

For Funds, the latest statutory auditor's certificate (or such other certificate as filed with the regulator in the relevant jurisdiction) not older than 3 months (showing their ACI) prior to the EOI Deadline shall also be submitted.

For listed companies, in case the audited financial statements are not available for the immediately preceding financial year, the information contained in quarterly limited review report is to be given.

However, if the member (s) of the Consortium or Affiliate (only in case IB is taking benefit of financial strength of such Affiliate) submit unaudited financials at the time of submission of EOI, in such a scenario, the audited financials, as and when it is prepared as per the statutory requirements and timelines of the relevant countries (where the IB and/or Affiliate (only in case IB

is taking benefit of financial strength of such Affiliate) are incorporated) have to be provided.

However, notwithstanding the above, it may be noted that the Financial Capability of the IB and Affiliate (only in case IB is taking benefit of financial strength of such Affiliate) shall be assessed only on the basis of the information required as per Annexure 16, Annexure 16 B and Annexure 16 C.

In case the IB/ any member of the Consortium or Affiliate (only in case IB is taking benefit of financial strength of such Affiliate), can not submit the consolidated financial statements as mentioned above, it shall specify reasons for the same.

All financial statements/ annual reports/ certificates submitted should be certified by Authorized Signatory.

k. Extract of the charter documents and documents such as a board or shareholders' resolution in favour of the person executing the Power of Attorney for the delegation of power on behalf of the IB (sole bidder or each member of the Consortium, as applicable) and Affiliate (only in case IB is taking benefit of financial strength of such Affiliate), to its Authorised Signatory.

l. Management Organization:

An overview of IB's (sole bidder or each member of the Consortium, as applicable) and Affiliate's (only in case IB is taking benefit of financial strength of such Affiliate), senior management and organization structure. IB (sole bidder or each member of Consortium as applicable) and Affiliate (only in case IB is taking benefit of financial strength of such Affiliate) shall provide details on (a) the Ultimate Beneficial Owner, and (b) Effective Place of Management of the business.

m. International Operations/ Joint Venture/Alliances: Brief note of IB's (sole bidder or each member of Consortium, as applicable) and Affiliate's (only in case IB is taking benefit of financial strength of such Affiliate) international operations, joint ventures, alliances (whether international or domestic), including incorporation details, registered office, effective management and control, nature and size of such operations, equity ownership (if applicable), and copies of the audited financial statements for the immediately preceding financial year for such entities.

n. Details such as name and address of those companies and professional firms, if any, who are (or will be) advising the IB (sole bidder or each member of the Consortium, as applicable) for the Proposed Transaction, together with the names of the principal individual advisors at those companies and firms. If such advisors have not been appointed as on the date of submission of the EOI, the aforesaid details may be updated as and when appointed.

o. Statement of outstanding litigations along with a certificate that as per IB's assessment, likely outcome of outstanding litigations against such IB and Affiliate (only in case IB is taking benefit of financial strength of such Affiliate) or with respect to such IB/Affiliate, its Controlling Shareholder(s)/partners (in case IB or Affiliate includes an LLP), its Associate(s), shall not have any impact on IB's capability to (a) participate in the Bid Process (b) undertake and consummate the Proposed Transaction and impact IB's qualification in terms of the Eligibility Criteria (as per Annexure 17).

p. Statement of contingent liabilities along with a certificate that as per IB's assessment, likely outcome of contingent liabilities of such IB and Affiliate (only in case IB is taking benefit of financial strength of such Affiliate) or with respect to such IB/Affiliate, its Controlling Shareholder(s)/partners (in case IB or Affiliate includes an LLP), its Associate(s), shall not have any impact on IB's capability to (a) participate in the Bid Process (b) undertake and consummate the Proposed Transaction and impact IB's qualification in terms of the Eligibility Criteria (as per Annexure 18).

q. If the IB is a foreign entity/ OCB, specify list of statutory approvals, from the GOI/ the RBI/ DIPP/ relevant ministry/ any other Government agency, received/applied for/ to be obtained/ awaited.

r. Appropriately executed Power of Attorney authorizing the Authorised Signatory of the IB (sole bidder or each member of Consortium, as applicable) to submit the EOI and in case of a Consortium, Power of Attorney appropriately executed by each member of the Consortium authorizing the Lead Member to act on its behalf in relation to the Proposed Transaction and the EOI (as per Annexure 7).

s. In case of a Consortium, a Consortium Agreement duly executed amongst each of the Consortium members (as per Annexure 8).

t. Duly executed Confidentiality Undertaking (as per Annexure 9).

u. A declaration in relation to statement of legal proceedings (as per Annexure 11).

(v) Duly filled in declaration in relation to security clearance (as per Annexure 12).

(vi) Format for certificate on no prohibition - Annexure 19

(vii) Format for Affidavit – IB undertake all the information to be true and correct - Annexure 20

(viii) Format for confirmation by Affiliate (only in case IB is taking benefit of financial strength of Affiliate) - Annexure 21

10.5 All pages of the documents submitted as part of the EOI shall be signed and stamped by the IB (sole bidder). In case of Consortium, all members of the Consortium shall submit their individually filled in and signed (by respective Authorised Signatories of IB) and stamped forms/certificates as required under clause 10.4, as if it was a sole bidder, to the Lead Member, who shall sign (through its own Authorised Signatory) and stamp every page of the forms filled by the members, and submit the same on behalf of itself and all the members of the Consortium to the TA. Provided that an Affiliate of a sole bidder or any member of the Consortium, shall also sign all forms/annexures in which a reference is being made to such Affiliate.

10.6 All certificates issued by statutory auditors (or in the event that the IB (sole bidder or each member of Consortium, as applicable) and/or Affiliate (only in case IB is taking benefit of financial strength of such Affiliate), do not have a statutory auditor, the person who has undertaken an audit of the IB/ Affiliate (only in case IB is taking benefit of financial strength of such Affiliate), in the immediately preceding financial year) will be addressed to the IB/ Affiliate (only in case IB is taking benefit of financial strength of such Affiliate), who shall sign and stamp every page. In case of Consortium, all the members of the Consortium shall sign and stamp every page of such certificate issued and submit to the Lead Member, who shall sign and stamp every page and submit the same on behalf of itself and all the members of the Consortium to the TA . It is clarified that such certificates issued by Affiliate (only in case IB is taking benefit of financial strength of such Affiliate) shall be signed by Affiliate as well as IB (sole bidder or relevant member of the Consortium) who is taking benefit of financial strength of such Affiliate.

10.7 All the bid(s) shall be valid for 180 days from the EOI Deadline and can be further extended by another 180 days, on intimation to the IBs by TA.

10.8 No IB shall submit more than one EOI. An IB submitting EOI individually or as a member of a Consortium shall not be entitled to submit another

EOI either individually or as a member of any other Consortium, as the case may be.

10.9 No two IBs, either individually or as a member of a Consortium, shall be entitled to take benefit of financial strength of the same Affiliate for the purpose of participating in the Proposed Transaction either directly or indirectly.

10.10 The IBs are expected to carry out their own investigations and other examination in relation to the Proposed Transaction before submitting their EOIs.

10.11 Notwithstanding anything to the contrary contained in this PIM, the detailed terms specified in the definitive documents shall have overriding effect; provided, however, that any conditions or obligations imposed on the IB hereunder shall continue to have effect in addition to its obligations under such definitive documents (as detailed in the RFP).

10.12 All financial statements or data to be derived therefrom for the evaluation of financial capability referred herein shall mean on a consolidated basis.

10.13 The EOI and all related correspondence and documents in relation to the PIM shall be in English language. If any supporting document, which is submitted along with the EOI, is in any other language then certified translated copy of such document in English language should be provided (with document either carrying a conforming Apostle certificate (for countries that have signed the Hague Legislation Convention 1961) or after being legalized by applicable procedure in respective jurisdiction for submission in India).

10.14 The documents including this PIM and all attached documents are and shall remain or become the properties of the GOI and are transmitted to the IBs solely for the purpose of preparation and the submission of an EOI in accordance herewith. IBs are to treat all information as strictly confidential and shall not use it for any purpose other than for preparation and submission of their EOI.

10.15 EOIs shall be opened only after the EOI Deadline.

10.16 EOIs shall be submitted on or prior to 17:00:00 hours IST on the EOI Deadline.

10.17 EOI submitted only through hand delivery shall be accepted (submission of EOI by post/courier or similar means is not allowed). For any queries or request for clarification/ additional information concerning PIM, IB's are required to follow instructions provided in clause 1.1.

10.18 The IBs shall bear all costs associated with the preparation and submission of the EOI and also all costs associated with conducting due diligence. The TA/GOI/Companies shall not, under any circumstances, be responsible or liable for any such costs, whether direct, incidental or consequential and no

cost incurred by the IBs in this regard shall be borne by the Companies, GOI and TA.

10.19 **Enquiry:** TA reserves the right not to respond to any questions raised or provide clarifications sought, if considered inappropriate or prejudicial to do so or even otherwise. Nothing in this section shall be taken or read as compelling or requiring the TA to respond to any question or provide any clarification. No extension of any time and date referred to in this PIM shall be granted on the basis or grounds that the TA has not responded to any question or provided any clarification. Any enquiry shall be submitted to TA only (and not to GOI/Companies).

10.20 The closing of the Proposed Transaction (as per the RFP) shall be subject to receipt of all necessary approvals including security clearance as per terms provided in RFP.

Requisite Approvals – The Confirmed Selected Bidder shall be required to obtain all necessary approvals/consents from MOCA, DGCA, CCI, DIPP and under any other laws, as applicable. The relevant information may also be required to be further made available to appropriate regulatory agencies at the appropriate stage for their verification. The IBs may note that even after the closing of the Proposed Transaction, the Companies are expected to inter-alia adhere to:

(a) Stipulations under the extant Aircraft Rules regarding composition of Board of Directors and management structure for the Companies (including for the avoidance of doubt, for AIXL), which inter alia specify as below:

(i) Chairman and at least two-thirds of directors shall be citizens of India; and,

(ii) Substantial ownership and effective control shall be vested in Indian nationals.

(b) Terms of any other regulations of DGCA and MOCA;

(c) Terms of FDI Policy of GOI as applicable to the Companies; and

(d) Terms of any other approvals as may be required by law.

10.21 **Amendment to PIM**: At any time prior to the EOI Deadline, GOI/TA may, for any reason, whether at their own initiative or in response to clarifications requested by any IB, modify the PIM by the issuance of addendum/ clarification. Any addendum/clarification issued shall be uploaded on websites of DIPAM at http://dipam.gov.in, MOCA at http://www.civilaviation.gov.in/, Company at http://www.airindia.in/ and TA at http://www.ey.com/en_in/alerts-hub.

In order to afford the IBs reasonable time for taking an addendum/ clarification into account, or for any other reason, GOI/TA may, in their sole discretion, extend the EOI Deadline for submission of EOIs.

10.22 Any additional information supplied by an IB subsequent to the EOI Deadline, unless the same has been expressly sought for by TA, shall be disregarded.

10.23 Notwithstanding anything contained in this PIM, the GOI reserves the right to reject any or all EOIs on the grounds of national interest, national security, public interest or any other grounds without communicating any reasons thereof and without any liability or any obligation for such rejection.

10.24 The GOI/TA shall not be liable for any omission, mistake or error in respect of any of the above or on account of any matter or thing arising out of or concerning or relating to the PIM or the Bid Process, including any error or mistake therein or in any information or data given by the TA.

10.25 The TA reserves the right (but not the obligation) to verify all statements, information and documents submitted by the IB in response to the PIM, or the Bid Process and the IB shall, when so required by the TA, make available all such information, evidence and documents as may be necessary for such verification. Any such verification or lack of such verification, by the TA shall not relieve the IB of its obligations or liabilities hereunder nor will it affect any rights of the GOI thereunder.

10.26 The IBs may note that the files containing information about the Companies can be in various formats including without limitation, doc, xls, ppt, pdf, jpg, jpeg, zip etc. and it shall be the responsibility of the IBs to have suitable facilities at their end to download the uploaded files.

10.27 The IBs shall evaluate and ensure (at their own cost) that they are permitted to invest under applicable laws to the extent they propose to participate. Only IBs who are permitted under applicable laws to participate (to the extent of their proposed participation) shall be eligible to participate in the Bid Process.

11. ELIGIBILITY CRITERIA

The Eligibility Criteria for the IBs are as follows:

11.1 **Incorporation Criteria:** Any private limited company, public limited company, limited liability partnership, body corporate, whether registered or incorporated in India or outside India; or Fund; in each case which is eligible to invest under the laws of India (subject to such parties obtaining applicable statutory approvals) either as a sole bidder or as part of a Consortium are eligible to participate. Provided that if IB is a natural person, who is eligible to invest under the laws of India, it shall be allowed to participate in the Proposed Transaction only as a part of a Consortium. If the IB is not an incorporated entity, the shares of the AI shall be held through an incorporated investment vehicle (special purpose vehicle), incorporated in India, within stipulated time, as may be prescribed by the GOI in the RFP. If IB is a sole bidder and is an incorporated entity in India, it has the option to either directly hold shares of AI or hold shares through an investment vehicle (special purpose vehicle) incorporated in India, within stipulated time, as may be prescribed by the GOI in the RFP.

CPSEs or Central Government Owned Cooperative Societies i.e. entities where the direct holding of the Central Government or of other CPSEs is 51% or more or as defined and classified by the Department of Public Enterprises/GOI from time to time shall not be allowed to bid, unless a proposal is brought up for consideration of the Core Group of Secretaries on Disinvestment by GOI, if desirable in public interest.

Bids by employees of Companies participating directly or by forming a consortium (along with a bank, venture capitalist, a financial institution or Fund) will be considered in accordance with the guidelines issued by DIPAM, annexed herewith as per Annexure 13 ('Guidelines'), if the legal entity so formed is qualified as per the criteria laid down in the PIM (Also refer to Annexure 15).

11.2 **Financial Capability:** For submitting the EOI and for being considered for subsequent qualification for Stage II of the Proposed Transaction, the IB (whether a sole bidder or a Consortium) shall satisfy the following criteria:

Net Worth: A minimum Net worth of INR 35,000 Mn (INR 3,500 Crore) computed in terms of Clause 11.3 and 11.4.

OR

ACI – A minimum ACI of INR 35,000 Mn (INR 3,500 Crore) computed in terms of Clause 11.3 and 11.4.

Note : Certain special dispensation in respect of Scheduled Airline Operator in India, for manner of satisfying the Financial Capability requirement, are set out in clause 11.3.(b)(ii) and 11.6.(c) below.

11.3 Financial Capability shall be calculated as follows:

a) **Net Worth** means the aggregate value of the paid-up equity share capital and all reserves created out of the profits and securities premium account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet. Provided that for determining the Net Worth , any reserves created out of revaluation of assets, write-back of depreciation and amalgamation, intangible assets, redemption reserves, reserves made for any specific purpose shall not be included. Such methodology shall be applicable even to entities that are not incorporated in India **("Net Worth").**

In case of LLP, Net Worth shall be calculated as aggregate value of partners' capital (aggregate value of paid up capital in the Limited Liability Partnership) and all reserves created out of the profits, after deducting the aggregate value of the accumulated losses, deferred expenditure, intangible assets, redemption reserves, reserves made for any specific purpose and miscellaneous expenditure not written off, as per the audited balance sheet. Provided that for determining the Net Worth of an LLP, any reserves created out of revaluation of assets, write-back of depreciation and amalgamation shall not be included. Such methodology shall be applicable even to LLPs that are not incorporated in India.

The cross holding of investments amongst the consortium members is also to be deducted where IB is a Consortium. The cross holding between a member of the Consortium and Affiliate of any other member of such Consortium (only in case such member is taking benefit of financial strength of Affiliate) should also be deducted.

b) Apart from the Net Worth criteria as set out under 11.3 (a), IBs may also qualify on the basis of:

(i) In case of Funds, on the basis of minimum investible funds (i.e. immediately available funds for investment and callable capital) subject to the limits of investment in a single investee entity in the relevant jurisdiction for a Foreign Investment Fund, or the maximum permissible investment limit for an AIF (as per SEBI (Alternative Investment Funds Regulations, 2012), as applicable ("Available Capital for Investment" or "ACI"). It is clarified that IBs other than Funds cannot use ACI for the purposes of qualification.

(ii) IB, other than Funds, may also qualify on the basis of Net Worth of its Affiliate, provided such IB itself has a positive Net Worth computed in terms of Clause 11.3 and 11.4. However, if the IB is a Scheduled Airline Operator in India, the condition for IB to meet positive Net Worth requirement for taking the benefit of financial strength of its Affiliate shall not be applicable. Affiliate whose Net Worth is used for qualification shall be required to provide an

unconditional and irrevocable guarantee on behalf of IB to perform and discharge all its obligations under the PIM, the RFP, and definitive documents (the format of such guarantee to be included in the share purchase agreement). The determination of the relationship of Affiliate with the IB shall be on the date seven (7) days prior to the EOI Deadline. Documentary evidence to establish such relationship shall be furnished by the IB along with the EOI (through a certificate from statutory auditor of the Affiliate (or in the event that the Affiliate does not have a statutory auditor, the person who has undertaken an audit of the Affiliate; or certificate from chartered accountant practicing in India and registered with Institute of Chartered Accountants of India in case the Affiliate is a natural person) – please refer to Annexure 16 C). In case, an IB is taking the benefit of financial strength of its Affiliate, then the Net Worth of only Affiliate would be used for the purposes of evaluation of financial capability of the IB (and IB's own Net Worth shall not be considered). For the avoidance of doubt, if "A" is an IB with a Net Worth of 50 and is using the financial strength of its Affiliate "B" that has a Net Worth of 1000, then "A" would be deemed to have a Net Worth of 1000 only (and not 1000+50) for the purposes of evaluation of financial capability of "A".

11.4 Financial Capability shall be assessed on the basis of:

Certificate from the Statutory Auditor of the IB (whether of the sole bidder or each member of the Consortium and their respective Affiliates (only in case the sole Bidder or member of the Consortium is taking the benefit of financial strength of its Affiliate) as applicable). In case the IB (whether of the sole bidder or each member of the Consortium and their respective Affiliates (only in case the sole Bidder or member of the Consortium is taking the benefit of financial strength of its Affiliate) as applicable) does not have a statutory auditor, certificate from the person who has undertaken an audit of the IB (whether of the sole bidder or each member of the Consortium and their respective Affiliates (only in case the sole Bidder or member of the Consortium is taking the benefit of financial strength of its Affiliate) as applicable) in the immediately preceding financial year. In case the IB (whether the sole bidder or each member of the Consortium and/or their respective Affiliate (only in case the sole bidder or member of the Consortium is taking the benefit of financial strength of its Affiliate)) is a natural person, certificate from chartered accountant practicing in India and registered with Institute of Chartered Accountants of India.

For supporting the certificates as mentioned above the following shall be required to be provided:

(a) Latest audited financial statements of IB (on consolidated basis) which shall not be older than 15 months from the EOI Deadline, as certified by the statutory auditor (or in the event that the IB does not have a statutory auditor, the person who has undertaken an audit of the IB in

the immediately preceding financial year). The audited financial statements on the basis of which the Net Worth shall be worked out shall correspond to accounting periods (of not less than 12 months) already completed and audited (and shall not be based on partial periods).

Latest audited financial statements of the Affiliate (only in case IB is taking benefit of financial strength of its Affiliate), on consolidated basis which shall not be older than 15 months from the EOI Deadline, as certified by the statutory auditor (or in the event that the Affiliate does not have a statutory auditor, the person who has undertaken an audit of the Affiliate in the immediately preceding financial year). The audited financial statements on the basis of which the Net Worth shall be worked out shall correspond to accounting periods (of not less than 12 months) already completed and audited (and shall not be based on partial periods).

In case the sole Bidder/any member of Consortium and/or Affiliate (only in case IB is taking benefit of financial strength of such Affiliate) is not required to prepare consolidated financial statements as part of statutory requirements, the standalone financial statements are to be used for assessment of such entity. However, the same would be accepted only if the certificate for fulfilment of Financial Capability submitted by the relevant sole bidder/member of Consortium and/or Affiliate (only in case IB is taking benefit of financial strength of such Affiliate) clearly mentions the non-requirement for preparation of consolidated financial statements, in the manner specified in Annexure 16, Annexure 16 A or Annexure 16 C as relevant.

(b) In case of Funds and using ACI for qualification, ACI would be considered as per the certificate issued by statutory auditor (or such other certificate as filed with the regulator in the relevant jurisdiction) not older than 3 months prior to the EOI Deadline.

(c) In case of bids by employees of the Companies, the Net Worth of employees will be ascertained through a single certificate from a chartered accountant practicing in India and registered with Institute of Chartered Accountants of India, containing the names and Net Worth of each of the participating employees. The same should not be older than 3 months from the EOI Deadline.

(d) In case the IB (member of the Consortium and/or their respective Affiliate (only in case the member of the Consortium is taking the benefit of financial strength of its Affiliate)) is a natural person, the Net Worth will be ascertained through certificate from chartered accountant practicing in India and registered with Institute of Chartered Accountants of India. The same should not be older than 3 months from the EOI Deadline.

Additionally, if such natural person is an NRI or foreign national, certificate from chartered accountant practicing in India and registered

with Institute of Chartered Accountants of India should also be accompanied with a notarised certificate from a chartered accountant practising in the country which such NRI or foreign individual is a tax resident of. The same should also not be older than 3 months from the EOI Deadline.

11.5 Continued Compliance with Substantial Ownership and Effective Control Criteria and FDI Policy: The IBs will be required to demonstrate to the relevant government authority and ensure continued compliance by AI, and AIXL with FDI Policy and the requirement that substantial ownership and effective control of the AI and AIXL will be vested in Indian nationals.

11.6 Additional Conditions for bidding by Consortium: IBs are permitted to form a consortium of eligible entities **("Consortium")** to participate in the Proposed Transaction.

Formation of company: In case of EOI by a Consortium, the Consortium shall form a company (special purpose vehicle) in India/under the laws of India, within the stipulated time as prescribed by GOI in the RFP. The equity shareholding of such company shall be the same as the interest of the members in the Consortium, as submitted as part of the EOI (subject to clause 12.1).

(a) **Lead Member:** The Consortium shall have one (1) lead member.

(b) **Minimum stake requirement in the Consortium/ company:**

(i) Each Member of the Consortium shall hold at least 10% interest in the Consortium and at least 10% equity share capital of the company (special purpose vehicle) to be promoted by the members of the Consortium for acquiring the GOI stake being disinvested in AI.

(ii) Lead Member shall hold at least 26% interest in the Consortium and at least 26% of equity share capital of the company (special purpose vehicle) to be promoted by the members of the Consortium for acquiring the GOI stake being disinvested in AI.

(c) **Net Worth/ACI requirement:**

(i) **Minimum Net Worth/ ACI of Each Member**: Net Worth/ACI of each participating member (on their own or through its Affiliate) should be equal to or more than 10% of the Net Worth/ACI requirement for the Consortium (i.e. 10% of INR 35,000 Mn). However, if the member of the Consortium is a Scheduled Airline Operator in India, the condition to meet minimum share of Net Worth requirement shall not apply to such member provided interest (in Consortium) and equity shareholding of such member in the company (special purpose vehicle promoted by the members of the Consortium for acquiring the Company) is restricted to maximum of 51%. In case of a foreign airline (i.e.

airline which is not a Scheduled Airline Operator in India), the requirement to meet minimum share of the Net Worth/ACI requirement shall remain applicable

(ii) **Aggregate Net Worth/ ACI of Consortium:** The aggregate Net Worth (or ACI if applicable) of all the members of the Consortium should meet the Net Worth/ACI requirement as mentioned in clause 11.2 above. The negative Net Worth of a member, only if it is a Scheduled Airline Operator in India, would be considered as nil (assuming the Scheduled Airline Operator has not taken the benefit of financial strength of its Affiliate). However, the remaining members of the Consortium in this case will have to meet the minimum Financial Capability for Consortium as a whole and also their respective, Net Worth/ACI requirement in the Consortium.

The table below provides few examples of Financial Capability for qualification in case of a Sole Bidder and Consortium of 2 members:

1. IB is a Sole Bidder		
Case	**Sole Bidder**	**Eligibility**
1	**Net Worth** : INR (-) 500 Mn. **Category** : Scheduled Airline Operator **Net Worth of Affiliate***: INR 35,000 Mn.	**Sole Bidder qualifies as :** **Clause 11.3.b.(ii) :** Sole Bidder, being a Scheduled Airline Operator, despite having a negative Net Worth is eligible to take the benefit of financial strength of its Affiliate **Sole Bidder meets the Financial Capability requirement (Clause 11.2)** Sole Bidder Financial Capability : INR 35,000 Mn
2	**Net Worth/ACI** : INR (-) 500 Mn. **Category** : Not a Scheduled Airline Operator **Net Worth of Affiliate***: INR 35,000 Mn.	**Sole Bidder disqualified as :** **Clause 11.3.b(ii) :** Sole Bidder who is not a Scheduled Airline Operator, has negative Net Worth and hence is not eligible to take the benefit of financial strength of its Affiliate
3	**Net Worth/ACI** : INR 35,000 Mn. **Category** : Not a Scheduled Airline Operator	**Sole Bidder qualifies as :** **Sole Bidder meets the Financial Capability requirement (Clause 11.2)** Sole Bidder Financial Capability : INR 35,000 Mn

2. IB is a two member Consortium and includes a Scheduled Airline Operator			
Case	**Member 1**	**Member 2**	**Eligibility**
1	**Stake in Consortium** : 51% **Net Worth** : Nil or Negative **Category** : Scheduled Airline Operator **Lead Member of Consortium**	**Stake in Consortium** : 49% **Net Worth/ACI** : INR 35,000 Mn **Category** : Not a Scheduled Airline Operator	**Consortium qualifies as :** **Clause 11.6.b:** stake of Member 1 being lead member is >=26%; stake of Member 2 is >=10%. **Clause 11.6.c:** Member 1 (Schedule Airline Operator) is not required to meet minimum Net Worth requirement (10%) of the Financial Capability as shareholding is within limit of 51%. Member 2 (Not a Scheduled Airline Operator) meets the minimum Net Worth / ACI requirement (10%) of the Financial Capability. **Consortium meet the Financial Capability requirement (Clause 11.2)** Negative Net Worth of Member 1 (Scheduled Airline Operator) is considered as Nil. Consortium Financial Capability : Nil+ INR 35,000 Mn = INR 35,000 Mn
2	**Stake in Consortium** : 51% **Net Worth:** INR 3,000 Mn **Category** : Scheduled Airline Operator	**Stake in Consortium** : 49% **Net Worth/ACI** : INR 32,000 Mn **Category** : Not a Scheduled Airline Operator **Lead Member of Consortium**	**Consortium qualifies as :** **Clause 11.6.b:** stake of Member 1 is >=10%; stake of Member 2 being lead member is >=26%; **Clause 11.6.c:** Member 1 (Schedule Airline Operator) is not required to meet minimum Net Worth requirement (10%) of the Financial Capability as shareholding is within limit of 51%. **Consortium meet the Financial Capability requirement (Clause 11.2)** Consortium Financial Capability: INR 3,000 Mn + INR 32,000 Mn = INR 35,000 Mn
3	**Stake in Consortium** : 76% **Net worth** :INR 3,000 Mn **Category**: Scheduled Airline Operator **Lead Member of Consortium**	**Stake in Consortium** : 24% **Net worth/ACI** : INR 35,000 Mn **Category**: Not a Scheduled Airline Operator	**Consortium disqualified as :** **Clause 11.6.c :** Member 1(Scheduled Airline Operator) does not meet the minimum Net Worth requirement (10%) of the Financial Capability and its shareholding in consortium exceeds the limit of 51%
4	**Stake in Consortium** : 60% **Net worth**: INR 35,000 Mn **Category** : Scheduled Airline Operator	**Stake in Consortium** : 40% **Net worth/ACI** : INR 2,000 Mn **Category** : Not a Scheduled Airline Operator **Lead Member of Consortium**	**Consortium disqualified as:** **Clause 11.6.c :** Member 2 (Not a Scheduled Airline Operator) does not meet minimum Net Worth / ACI requirement (10%) of the Financial Capability

3. IB is a two member Consortium and does not include a Scheduled Airline Operator			
Case	**Member 1**	**Member 2**	**Eligibility**
1	**Stake in Consortium** : 51% **Net Worth/ACI:** INR 40,000 Mn **Category** : Not a Scheduled Airline Operator **Lead Member of Consortium**	**Stake in Consortium** : 49% **Net Worth/ACI** : INR 2,000 Mn **Category** : Not a Scheduled Airline Operator	**Consortium disqualified as:** Member 2 (Not a Scheduled Airline Operator) does not meet the minimum Net Worth / ACI requirement (10%) of the Financial Capability.
Case	**Member 1**	**Member 2**	**Eligibility**
2	**Stake in Consortium** : 51% **Net worth/ACI** : INR 17,850 Mn **Category** : Not a Scheduled Airline Operator	**Stake in Consortium** : 49% **Net worth/ACI** : INR 17,150 Mn **Category**: Not a Scheduled Airline Operator **Lead Member of Consortium**	**Consortium qualifies as** **Clause 11.6.b:** stake of Member 1 is >=10%; stake of Member 2 being lead member is >=26%; **Clause 11.6.c :** All the Member of the Consortium meet minimum Net Worth / ACI requirement (10%) of the Financial Capability **Consortium meet the Financial Capability requirement (Clause 11.2)** Consortium Financial Capability: INR 17,850 Mn + INR 17,150 Mn = INR 35,000 Mn
3	**Stake in Consortium** : 51% **Net worth/ACI** : INR 35,000 Mn **Category** : Not a Scheduled Airline Operator **Lead Member of Consortium**	**Stake in Consortium** : 49% **Net worth/ACI** : INR (-) 500 Mn **Category** : Not a Scheduled Airline Operator	**Consortium disqualified as:** **Clause 11.6.c :** Member 2 (Not a Scheduled Airline Operator) does not meet minimum Net Worth / ACI requirement (10%) of the Financial Capability

4. IB is a two member Consortium and includes member(s) who has taken the benefit of financial strength of its Affiliate			
Case	**Member 1**	**Member 2**	**Eligibility**
1	**Stake in Consortium** : 51% **Net worth** : (-) INR 1,000 Mn **Category** : Scheduled Airline Operator **Net Worth of Affiliate***: INR 17,850 Mn **Lead Member of Consortium**	**Stake in Consortium** : 49% **Net worth/ACI** : INR 500 Mn **Category** : Not a Scheduled Airline Operator **Net Worth of Affiliate***: INR 17,150 Mn.	**Consortium qualifies as** **Clause 11.6.b:** stake of Member 1 being lead member is >=26%; stake of Member 2 is >=10%; **Clause 11.3.b(ii) :** Member 1 and Member 2 takes the benefit of financial strength of their respective Affiliate. Member 1, being a Scheduled Airline Operator, despite having a negative Net Worth, is eligible to take the benefit of financial strength of its Affiliate **Clause 11.6.c :** All the Member of the Consortium meet minimum Net Worth / ACI requirement (10%) of the Financial Capability. **Consortium meet the Financial Capability requirement (Clause 11.2)** Consortium Financial Capability: INR 17,850 Mn + INR 17,150 Mn = INR 35,000 Mn
2	**Stake in Consortium** : 51% **Net worth/ACI** : INR 300 Mn **Category** : Not a Scheduled Airline Operator **Net Worth of Affiliate***: INR 17,850 Mn.	**Stake in Consortium** : 49% **Net worth/ACI** : INR 17,150 Mn **Category** : Not a Scheduled Airline Operator **Lead Member of Consortium**	**Consortium qualifies as** **Clause 11.6.b:** stake of Member 1 is >=10%; stake of Member 2 being lead member is >=26%; **Clause 11.3.b(ii) :** Member 1 takes the benefit of financial strength of its Affiliate **Clause 11.6.c :** All the Member of the Consortium meet minimum Net Worth / ACI requirement (10%) of the Financial Capability. **Consortium meet the Financial Capability requirement (Clause 11.2)** Consortium Financial Capability: INR 17,850 Mn + INR 17,150 Mn = INR 35,000 Mn
3	**Stake in Consortium** : 51% **Net worth/ACI** : INR 2,000 Mn **Category** : Not a Scheduled Airline Operator **Net Worth of Affiliate***: INR 3,000 Mn. **Lead Member of Consortium**	**Stake in Consortium** : 49% **Net worth/ACI** : INR 35,000 Mn **Category** : Not a Scheduled Airline Operator	**Consortium disqualified as** **Clause 11.6.c :** Member 1 does not meet minimum Net Worth / ACI requirement (10%) of the Financial Capability even after taking the benefit of financial strength of its Affiliate *Member 2 meets the Financial Capability on its own but overall consortium would still be disqualified on account of Member 1 not meeting requirements*

Case	Member 1	Member 2	Eligibility
4	**Stake in Consortium** : 51% **Net worth/ACI** : INR 1,000 Mn **Category** : Not a Scheduled Airline Operator **Net Worth of Affiliate***: INR 17,850 Mn	**Stake in Consortium** : 49% **Net worth/ACI** : INR 500 Mn **Category** : Not a Scheduled Airline Operator **Net Worth of Affiliate***: INR 17,150 Mn. **Lead Member of Consortium**	**Consortium qualifies as** **Clause 11.6.b:** stake of Member 1 is >=10%; stake of Member 2 being lead member is >=26%; **Clause 11.3.b (ii) :** Member 1 and Member 2 takes the benefit of financial strength of their respective Affiliate **Clause 11.6.c :** All the Member of the Consortium meet minimum Net Worth / ACI requirement (10%) of the Financial Capability. **Consortium meet the Financial Capability requirement (Clause 11.2)** Consortium Financial Capability: INR 17,850 Mn + INR 17,150 Mn = INR 35,000 Mn
5	**Stake in Consortium** : 51% **Net worth/ACI** : INR (-) 1,000 Mn **Category** : Not a Scheduled Airline Operator **Net Worth of Affiliate***: INR 17,850 Mn **Lead Member of Consortium**	**Stake in Consortium** : 49% **Net worth/ACI** : INR 500 Mn **Category** : Not a Scheduled Airline Operator **Net Worth of Affiliate***: INR 17,150 Mn.	**Consortium disqualified as** **Clause 11.6.c(i) :** Member 1, who is not a Scheduled Airline Operator, has negative Net Worth and hence is not eligible to take the benefit of financial strength of its Affiliate

** Affiliate provides an unconditional and irrevocable guarantee on behalf of Sole Bidder, Member 1, Member 2 as applicable to perform and discharge all its obligations under the PIM, the RFP and the definitive documents*

The following table provides an example of Financial Capability for qualification in case of a 3 member Consortium:

5. IB is a three member Consortium and includes a Scheduled Airline Operator				
Case	**Member 1**	**Member 2**	**Member 3**	**Eligibility**
1	**Stake in Consortium** : 51% **Net Worth** : INR(-) 5,000 Mn **Category** : Scheduled Airline Operator **Lead Member of Consortium**	**Stake in Consortium** : 25% **Net Worth/ACI** : INR 20,000 Mn **Category** : Not a Scheduled Airline Operator	**Stake in Consortium** : 24% **Net Worth/ACI** : INR 15,000 Mn **Category** : Not a Scheduled Airline Operator	**Consortium qualifies as** **Clause 11.6.b:** stake of Member 1 being lead member is >=26%; stake of Member 2 and Member 3 is >=10%; **Clause 11.6.c:** Member 1 (Schedule Airline Operator) is not required to meet minimum Net Worth requirement (10%) of the Financial Capability as shareholding is within limit of 51%. **Consortium meets the Financial Capability requirement (Clause 11.2)** Consortium Financial Capability: Nil + INR 20,000 Mn + INR 15,000 Mn = INR 35,000 Mn
6. IB is a three member Consortium and does not include a Scheduled Airline Operator				
Case	**Member 1**	**Member 2**	**Member 3**	**Eligibility**
1	**Stake in Consortium** : 51% **Net Worth/ACI** : INR 28,000 Mn **Category** : Not a Scheduled Airline Operator	**Stake in Consortium** : 39% **Net Worth/ACI** : INR 3,500 Mn **Category** : Not a Scheduled Airline Operator **Lead Member of Consortium**	**Stake in Consortium** : 10% **Net Worth/ACI** : INR 3,500 Mn **Category** : Not a Scheduled Airline Operator	**Consortium qualifies as** **Clause 11.6.b:** stake of Member 2 being lead member is >=26%; stake of Member 1 and Member 3 is >=10%; **Clause 11.6.c:** All the Member of the Consortium meet minimum Net Worth / ACI requirement (10%) of the Financial Capability requirement (Clause 11.2) **Consortium Financial Capability (Clause 11.2)** : INR 28,000 Mn + INR 3,500 Mn+ INR 3,500 Mn = INR 35,000 Mn
2	**Stake in Consortium** : 51% **Net Worth/ACI** : INR 2,000 Mn **Category** : Not a Scheduled Airline Operator **Lead Member of Consortium**	**Stake in Consortium** : 25% **Net Worth/ACI** : INR 17,500 Mn **Category** : Not a Scheduled Airline Operator	**Stake in Consortium** : 24% **Net Worth/ACI** : INR 17,500 Mn **Category** : Not a Scheduled Airline Operator	**Consortium disqualified as** **Clause 11.6.c:** Member 1 (Not a Scheduled Airline Operator) does not meet minimum Net Worth / ACI requirement (10%) of the Financial Capability

7. IB is a three member Consortium and includes a member who has taken the benefit of financial strength of its Affiliate				
Case	**Member 1**	**Member 2**	**Member 3**	**Eligibility**
1	**Stake in Consortium** : 51% **Net Worth** : INR(-) 3,000 Mn **Net Worth of Affiliate***: INR 28,000 Mn. **Category** : Scheduled Airline Operator **Lead Member of Consortium**	**Stake in Consortium** : 25% **Net Worth/ACI** : INR 3,500 Mn **Category** : Not a Scheduled Airline Operator	**Stake in Consortium** : 24% **Net Worth/ACI** : INR 3,500 Mn **Category** : Not a Scheduled Airline Operator	**Consortium qualifies as** **Clause 11.6.b:** stake of Member 1 being lead member is >=26%; stake of Member 2 and Member 3 is >=10%; **Clause 11.3.b(ii) :** Member 1 takes the benefit of financial strength of its Affiliate. Member 1 (Scheduled Airline Operator) having a negative Net Worth is eligible to take the benefit of financial strength of its Affiliate **Clause 11.6.c :** All the Member of the Consortium meet minimum Net Worth / ACI requirement (10%) of the Financial Capability. **Consortium meets the Financial Capability requirement (Clause 11.2)** Consortium Financial Capability: INR 28,000 Mn + INR 3,500 Mn + INR 3,500 Mn = INR 35,000 Mn
2	**Stake in Consortium** : 51% **Net Worth/ACI** : INR 2,000 Mn **Net Worth of Affiliate***: INR 28,000 Mn. **Category** : Not a Scheduled Airline Operator **Lead Member of Consortium**	**Stake in Consortium** : 25% **Net Worth/ACI** : INR 3,500 Mn **Category** : Not a Scheduled Airline Operator	**Stake in Consortium** : 24% **Net Worth/ACI** : INR 3,500 Mn **Category** : Not a Scheduled Airline Operator	**Consortium qualifies as** **Clause 11.6.b:** stake of Member 1 being lead member is >=26%; stake of Member 2 and Member 3 is >=10%; **Clause 11.3.b(ii) :** Member 1 takes the benefit of financial strength of its Affiliate **Clause 11.6.c :** All the Member of the Consortium meet minimum Net Worth / ACI requirement (10%) of the Financial Capability. **Consortium meets the Financial Capability requirement (Clause 11.2)** Consortium Financial Capability: INR 28,000 Mn + INR 3,500 Mn + INR 3,500 Mn = INR 35,000 Mn
Case	**Member 1**	**Member 2**	**Member 3**	**Eligibility**

3	**Stake in Consortium** : 51% **Net Worth/ACI** : INR(-) 3,000 Mn **Net Worth of Affiliate***: INR 28,000 Mn. **Category** : Not a Scheduled Airline Operator **Lead Member of Consortium**	**Stake in Consortium** : 25% **Net Worth/ACI** : INR 3,500 Mn **Category** : Not a Scheduled Airline Operator	**Stake in Consortium** : 24% **Net Worth/ACI** : INR 3,500 Mn **Category** : Not a Scheduled Airline Operator	**Consortium disqualified as Clause 11.6.c(i) :** Member 1(not a Scheduled Airline Operator) has a negative Net Worth and it is not eligible to take the benefit of financial strength of its Affiliate

** Affiliate provides an unconditional and irrevocable guarantee on behalf of Member 1 to perform and discharge all its obligations under the PIM, the RFP and the definitive documents*

8. IB is a eight member consortium				
Case	**Member 1**	**Member 2**	**Members 3 – Member 8#**	**Eligibility**
1	**Stake in Consortium** : 26% **Net Worth/ACI** : INR 10,000 Mn **Category** : Not a Scheduled Airline Operator **Lead Member of Consortium**	**Stake in Consortium** : 14% **Net Worth/ACI** : INR 5,000 Mn **Category** : Not a Scheduled Airline Operator	**Stake in Consortium** : 10% each for 6 members referred **Net Worth/ACI** : INR 3,500 Mn each for 6 members referred **Category** : Not a Scheduled Airline Operator (all 6 members referred)	**Consortium qualifies as :** **Clause 11.6.b:** stake of Member 1 being lead member is >=26%; stake of all other members is >=10%; **Clause 11.6.c:** Each Member (Member 1 to Member 8) meets the minimum Net Worth / ACI requirement (10%) of the Financial Capability. **Consortium meet the Financial Capability requirement (Clause 11.2)** Consortium Financial Capability : INR 10,000 Mn + INR 5,000 Mn +(INR 3,500 Mn x 6) = INR 36,000 Mn
2	**Stake in Consortium** : 35% **Net Worth/ACI** : INR 10,000 Mn **Category** : Not a Scheduled Airline Operator **Lead Member of Consortium**	**Stake in Consortium** : 5% **Net Worth/ACI** : INR 5,000 Mn **Category** : Not a Scheduled Airline Operator	**Stake in Consortium** : 10% each for 6 members referred **Net Worth/ACI** : INR 3,500 Mn each for 6 members referred **Category** : Not a Scheduled Airline Operator (all 6 members referred)	**Consortium disqualified as:** **Clause 11.6.b:** Member 2 has less than 10% stake in the Consortium
Case	**Member 1**	**Member 2**	**Members 3 –**	**Eligibility**

			Member 8#	
3	**Stake in Consortium** : 26% **Net Worth** : INR (-) 5,000 Mn **Category** : Scheduled Airline Operator **Net Worth of Affiliate***: INR 10,000 Mn. **Lead Member of Consortium**	**Stake in Consortium** : 14% **Net Worth/ACI** : INR 5,000 Mn **Category** : Not a Scheduled Airline Operator	**Stake in Consortium** : 10% each for 6 members referred **Net Worth/ACI** : INR 3,500 Mn each for 6 members referred **Category** : Not a Scheduled Airline Operator (all 6 members referred)	**Consortium qualifies as :** **Clause 11.6.b:** stake of Member 1 being lead member is >=26%; stake of all other members is >=10%; **Clause 11.3.b(ii) :** Member 1 (Scheduled Airline Operator) having a negative Net Worth is eligible to take the benefit of financial strength of its Affiliate **Consortium meet the Financial Capability requirement (Clause 11.2)** Consortium Financial Capability : INR 10,000 Mn + INR 5,000 Mn +(INR 3,500 Mn x 6) = INR 36,000 Mn

** Affiliate provides an unconditional and irrevocable guarantee on behalf of Member 1 to perform and discharge all its obligations under the PIM, the RFP and the definitive documents*

 # Each of the member has same stake in consortium, same Net Worth/ACI and belongs to the same category (Not a Scheduled Airline Operator*)*

12. SELECT IMPORTANT CONDITIONS/INSTRUCTIONS

Select important conditions, instructions for the IBs are covered below. IBs may also refer to the SPA as uploaded in the VDR for additional terms and conditions with respect to the Proposed Transaction. Further, additional requirements/conditions, if any, would be provided at RFP stage and/or in the definitive documents.

12.1 Where a sole bidder or a Consortium has submitted the EOI, it is expected that there shall not be any changes in the members of the Consortium or sole bidder will not form a Consortium except as provided below:

Any change prior to the EOI Deadline is permissible by withdrawing the EOI and submitting a fresh EOI before the EOI Deadline. However, no change in composition of Consortium will be permitted after the EOI deadline till the shortlisting of the IBs.

If after shortlisting of IBs, a Consortium bidder desires a change in the Consortium or a sole bidder desires to form a Consortium by inducting new members, it shall have to apply for approval for such change to the TA no later than 21 days from the date of issue of the RFP. Endeavour shall be made to provide approval or disapproval for such a change no later than 21 days from the date of receipt of such application by the TA.

(i) In case of a Consortium, following conditions shall be met:

a) Change shall be permitted only once after EOI Bid Deadline;

b) No change in Lead Member shall be allowed;

c) Shifting from one Consortium to another shall not be permitted;

d) The changed Consortium shall continue to meet the Eligibility Criteria and other requirements set out in the PIM

(ii) In the case of a sole bidder forming a Consortium, following conditions shall be met:

a) The sole bidder will be the Lead Member of the Consortium;

b) Changes shall be permitted only once after EOI Bid Deadline;

c) Shifting from one Consortium to another shall not be permitted;

d) The Consortium shall continue to meet the Eligibility Criteria and other requirements set out in the PIM

12.2 The lock-in provisions applicable for the Proposed Transaction are as follows :

12.2.1 For a period of one year from the date of the closing of the Proposed Transaction:

a) the Confirmed Selected Bidder (and/or the special purpose vehicle in case investment in AI is made through a special purpose vehicle) shall not, directly or indirectly, transfer any equity securities of AI held by it, including the legal or beneficial ownership thereof with or without any of its rights or obligations under the definitive documents, to any person;

b) the Confirmed Selected Bidder shall not, directly or indirectly, transfer any equity securities of the special purpose vehicle (in case investment in AI is made through a special purpose vehicle) held by them, including the legal or beneficial ownership thereof with or without any of its rights or obligations under the definitive documents, to any person;

c) AI shall not, directly or indirectly, transfer any equity securities of AIXL and AI-SATS held by it, including the legal or beneficial ownership thereof with or without any of its rights or obligations under the definitive documents, to any person;

d) each of AI, and the Confirmed Selected Bidder (and the special purpose vehicle in case investment in AI is made through a special purpose vehicle) shall procure and shall ensure that there shall be no change of control of the Confirmed Selected Bidder (and/or the special purpose vehicle, in case investment in AI is made through a special purpose vehicle), AI, AIXL and/or AI-SATS;

e) the Confirmed Selected Bidder and its Affiliate shall continue to be affiliates in terms of the PIM (only in case Confirmed Selected Bidder is taking benefit of financial strength of such Affiliate); and

f) each of AI, and the Confirmed Selected Bidder (and the special purpose vehicle in case investment in AI is made through a special purpose vehicle) shall procure and shall ensure that it is not a party to any agreement or arrangement that may result in, or may reasonably be expected to result in any of the actions or consequences set out in Clauses 12.2.1 (a) to (e).

Transfer of equity securities to any person within the above mentioned one-year period, not contemplated under the provisions of the PIM, may be undertaken by the Confirmed Selected Bidder, only with prior written approval/consent of the GOI and such approval/consent shall be at GOI's sole discretion. Any such transfers shall also be subject to the Confirmed Selected Bidder ensuring that: (i) the transferee is eligible in terms of the

PIM; and (ii) the transferee providing a written undertaking to the GOI for all future obligations of the Confirmed Selected Bidder.

12.2.2 It is clarified that this aforesaid lock-in provision (12.2.1) shall not restrict the Confirmed Selected Bidder (or the special purpose vehicle, in case investment in AI is made through a special purpose vehicle) or AI from undertaking the following for a period of one year from the date of the closing of the Proposed Transaction :

a) issue of equity securities by AI (or the special purpose vehicle, in case investment in AI is made through a special purpose vehicle) provided:

- there is no change of control of AI (and/or the special purpose vehicle, in case investment in AI is made through a special purpose vehicle)
- the Confirmed Selected Bidder (or the special purpose vehicle in case investment in AI is made through a special purpose vehicle) continues to hold more than 50% of equity share capital of AI; and
- the Confirmed Selected Bidder continue to hold more than 50% of equity share capital of the special purpose vehicle (in case investment in AI is made through a special purpose vehicle);and
- the Confirmed Selected Bidder continue to hold more than 50% of equity share capital of AI (directly or indirectly through the special purpose vehicle (in case investment in AI is made through a special purpose vehicle)

b) the transfer of the equity securities held by any Consortium member (who is selected as the Confirmed Selected Bidder) in the special purpose vehicle (in case investment in AI is made through a special purpose vehicle) to another Consortium member, provided the shareholding of each of the Consortium member in the special purpose vehicle shall not fall below 10% of the aggregate equity shareholding of the Consortium members in the special purpose vehicle;

c) merger, amalgamation or consolidation of AI with the Confirmed Selected Bidder (or the special purpose vehicle in case investment in AI is made through a special purpose vehicle, as the case may be), provided:

- there is no change in control of AI, and/or the

Confirmed Selected Bidder (and/or the special purpose vehicle in case investment in AI is made through a special purpose vehicle); and

- the Confirmed Selected Bidder (or the special purpose vehicle in case investment in AI is made through a special purpose vehicle) continues to hold more than 50% of equity share capital of AI or the resultant entity provided this condition shall not apply in case AI is merging with the Confirmed Selected Bidder (or the special purpose vehicle in case investment in AI is made through a special purpose vehicle) or the Confirmed Selected Bidder (or the special purpose vehicle in case investment in AI is made through a special purpose vehicle) is merging with AI; and

- the Confirmed Selected Bidder continue to hold more than 50% of equity share capital of the special purpose vehicle (in case investment in AI is made through a special purpose vehicle); and

- the Confirmed Selected Bidder continue to hold more than 50% of equity share capital of AI or the resultant entity, (directly or indirectly through the special purpose vehicle in case investment in AI is made through a special purpose vehicle as the case may be).

  It is clarified that, this clause shall not be deemed to permit any other form of reorganization of AI including demerger.

d) merger, amalgamation or consolidation of AIXL with AI, or the Confirmed Selected Bidder (or the special purpose vehicle in case investment in AI is made through a special purpose vehicle), as the case may be, provided

- there is no change in control of AIXL, AI, and/or Confirmed Selected Bidder (and/or the special purpose vehicle, in case investment in AI is made through a special purpose vehicle); and

- AI continues to hold more than 50% of equity share capital of AIXL or the resultant entity provided this condition shall not apply in case AIXL is merging with AI or AI is merging with AIXL; and

- the Confirmed Selected Bidder (or the special purpose vehicle, in case investment in AI is made through a special purpose vehicle) continues to hold more than 50% of the equity share capital of AIXL or the resultant entity (directly or indirectly) provided this condition shall not apply in case AIXL is merging with the Confirmed Selected Bidder (or the special purpose vehicle in case investment in AI is made through a special purpose vehicle) or the Confirmed Selected Bidder (or the special purpose vehicle in case investment in AI is made through a special purpose vehicle) is merging with AIXL; and

- the Confirmed Selected Bidder continue to hold more than 50% of equity share capital of the special purpose vehicle (in case investment in AI is made through a special purpose vehicle); and

- the Confirmed Selected Bidder continue to hold more than 50% of equity share capital of AIXL or the resultant entity, directly or indirectly.

  It is clarified that, this clause shall not be deemed to permit any other form of reorganization of AIXL including demerger.

e) the Confirmed Selected Bidder (or the special purpose vehicle, in case investment in AI is made through a special purpose vehicle) creating an encumbrance on the equity securities of AI in favour of scheduled bank or recognised lenders, as a security for loan provided to AI for its business operations, provided notwithstanding the foregoing, the Confirmed Selected Bidder (or the special purpose vehicle in case investment in AI is made through a special purpose vehicle) continues to hold at least, 50% less one equity share of AI without any encumbrance, provided for calculation of the 50% minus one equity share, the shares of AI transferred for employee stock options (in terms of clause 12.3 below), shall be deemed to held by Confirmed Selected Bidder (or the special purpose vehicle, in case investment in AI is made through a special purpose vehicle).

It is clarified that in case of encumbrance of shares of AI/AIXL in favour of scheduled bank or recognised lenders, such scheduled banks or recognised lenders have to ensure continued compliance with applicable laws for such encumbered shares (including FDI policy and the requirement that substantial ownership and

effective control of AI and AIXL will continue to be vested in Indian nationals).

Additional requirements/conditions, if any, in relation to the lock-in provision would be provided in the definitive documents.

12.3 The Confirmed Selected Bidder shall ensure that 3% of the equity shares of the Company acquired by the Confirmed Selected Bidder (or the special purpose vehicle in case investment in AI is made through a special purpose vehicle) are offered to the permanent employees of AI as per terms of an ESOP. The detailed terms and conditions of ESOP would be provided at the RFP stage.

12.4 The Confirmed Selected Bidder shall ensure that AI and AIXL continue their business of providing air transport services on a going-concern basis for a period of 3 (three) years from the date of the closing of the Proposed Transaction, on terms as may be specified in the definitive documents provided the foregoing shall not restrict route rationalization by AI and AIXL or any actions, steps or decisions taken for operational and financial efficiency of AI and AIXL.

12.5 The Confirmed Selected Bidder shall abide by conditions set out in the RFP and/or the definitive documents to safeguard employees' interests.

12.6 The Confirmed Selected Bidder shall abide by conditions set out in the RFP and/or the definitive documents, including *inter alia* conditions in relation to misuse of the Companies.

12.7 On being selected as the Confirmed Selected Bidder, if the IB (in the form of a sole bidder) makes the investment through a special purpose vehicle, such IB shall be required to irrevocably and unconditionally guarantee to the GOI that such special purpose vehicle shall, at all times, fully and faithfully perform and discharge all its obligations under the definitive documents prepared in connection with the Proposed Transaction.

On being selected as the Confirmed Selected Bidder, when the IB (in the form of a Consortium) makes the investment through a special purpose vehicle then each member of the Consortium shall jointly and severally, irrevocably and unconditionally guarantee to the GOI that such special purpose vehicle shall, at all times, fully and faithfully perform and discharge all its obligations under the definitive documents prepared in connection with the Proposed Transaction.

If the Confirmed Selected Bidder (in the form of a sole bidder) has taken benefit of financial strength of its Affiliate to qualify, then such Affiliate of the Confirmed Selected Bidder shall irrevocably and unconditionally guarantee to GOI that such Confirmed Selected Bidder shall, fully and faithfully perform and discharge all its obligations under the definitive documents prepared in connection with the Proposed Transaction

If the Confirmed Selected Bidder (being a consortium of members), has taken benefit of financial strength of Affiliate(s) of its members to qualify, in terms of the PIM, then such Affiliate(s) shall jointly and severally, irrevocably and unconditionally guarantee to GOI that such Confirmed Selected Bidder shall, fully and faithfully perform and discharge all its obligations under the definitive documents prepared in connection with the Proposed Transaction

12.8 Bids by employees of the Companies shall satisfy the minimum Net-Worth criteria as specified in clause 11.2. The combined net-worth of participating employees and bank/venture capitalist/financial institution or Funds as may be applicable, shall be taken into account for calculating minimum net-worth requirement as per financial capability clause.

12.9 The IBs shall ensure that they are permitted to invest under applicable laws to the extent they propose to participate.

12.10 TA also reserve the right to call for any additional document (s)/ information from the IBs (after the EOI Deadline), which may be considered necessary for evaluation of the EOI or otherwise, in the sole discretion of TA, without any liability to the TA or their respective officers, employees, advisors or agents.

12.11 Where the financial statements are expressed in a currency other than the Indian Rupee, the eligible amount as described above shall be computed by taking the equivalent amount at the exchange rates prevailing on the dates of such financial statement, as stipulated by RBI. All financial information required for satisfying the eligibility criteria shall be represented in Indian Rupees.

12.12 The GOI/TA, reserves the right to seek any additional indemnities, warranties, representations or performance obligations from the IBs (including from any of their group companies), to its satisfaction.

12.13 QIBs at stage II shall be required to provide a certificate either from the bank/financial institution(s) (criteria for such bank/financial institution shall be provided in RFP) or from statutory auditors that the QIB has got enough funds to complete the Proposed Transaction.

12.14 GOI may prescribe additional conditions (including but not limited to replacement of all GOI guarantee or other GOI support extended on behalf of the Companies) in the RFP whereby QIBs shall be required to demonstrate availability of funds for the Proposed Transaction including but not limited to appropriate expression of support from financial institution(s) (criteria for such financial institution shall be provided in RFP) confirming ability of the IB to discharge all its obligations defined under RFP and definitive documents related to Proposed Transaction.

12.15 The Confirmed Selected Bidder shall ensure that the Company shall continue using the “Air India” brands. The terms of such usage will be as set out in the definitive documents.

12.16 Confirmed Selected Bidder and the special purpose vehicle (in case

investment in AI is made through a special purpose vehicle) shall ensure that for a period of one year from the date of the closing of the Proposed Transaction, AI or AIXL, as the case may be, shall not transfer, dispose-off and /or create any encumbrance on, any assets owned by AI and AIXL, as the case may be, or take any action or decision this effect, except transfer in the following manner

- sale or transfer of assets of AI and AIXL, in the ordinary course of business, not exceeding INR 10,000 Million (INR 1,000 Crore); or

- sale and lease back arrangement in relation to its assets; or

- for creation of encumbrance in favour of scheduled banks or recognized lenders.

provided in each case the proceeds shall only be utilised for (i) the business operations of AI and/or AIXL; or (ii) repayment of loans availed by AI and/or AIXL. Provided further, the proceeds of such transfer are not utilised, in any manner, for distribution to the shareholders of AI and/or AIXL.

Additional requirements/conditions, if any, would be provided in the definitive documents.

13. DISQUALIFICATIONS

13.1 GOI/ TA shall not consider for the purpose of qualification, any EOI which has been found to be incomplete in content or attachments even after a request for additional information has been made to IB (in the sole discretion of GOI).

13.2 Without prejudice to any other rights or remedies available to GOI including the right to disqualify any IB at its sole discretion with or without assigning any reason, the GOI reserves the right to disqualify any IB (whether sole bidder or member of Consortium, as applicable) and exclude its EOI from further consideration for any reason, including without limitation those listed below:

(a) Misrepresentation/ false statement is made by an IB (sole bidder or any member of Consortium) and/or Affiliate (only in case IB is taking benefit of financial strength of such Affiliate) at any stage in the Bid Process, whether in the EOI, bid submitted pursuant to RFP (including in supporting documentation or otherwise in any part of the Bid Process) and whether written or oral.

(b) If the EOI submitted by the IB (sole bidder or any member of Consortium, as applicable) is in any respect inconsistent with, or demonstrates any failure to comply with, the provisions of the PIM, including not being accompanied by the Application Fee or the EOI being conditional in any respect.

(c) Failure by IB (sole bidder or any member of Consortium, as applicable) and/or Affiliate (only in case IB is taking benefit of financial strength of such Affiliate) to provide necessary and sufficient information required to be provided in the EOI in accordance with this PIM, even after a request for additional information has been made to IB.

(d) Failure by IB (sole bidder or any member of Consortium, as applicable) and/or Affiliate (only in case IB is taking benefit of financial strength of such Affiliate) to provide, within the time specified by the TA, the additional documents sought by the TA for evaluation of the EOI (even if such documents are sought after the EOI Deadline).

(e) Submission of more than one (1) EOI by any IB whether directly or indirectly either as sole bidder or a member of Consortium, in which case, all such EOIs shall be rejected.

(f) If two IBs, either individually or as a member of a Consortium, are taking the benefit of financial strength of the same Affiliate for the purpose of participating in the Proposed Transaction, in which case, all such EOIs shall be rejected.

(g) The IB (including sole bidder or any member of Consortium, as applicable) not satisfying the eligibility and other requisite

qualification criteria specified in the EOI and hence not being eligible or if such IB does not meet the guidelines of Department of Investment and Public Asset Management No. 3/9/2016-DoD-II-B dated September 28, 2017 (as per Annexure 10) and any amendment made from time to time.

(h) In case of bids by CPSEs or CGOCS, such bid not complying with the requirements imposed by GOI for submission of such bid.

(i) Failure to comply with any reasonable request of GOI in relation to the Proposed Transaction.

(j) If at any time it is discovered that an IB (sole bidder or any member of Consortium, as applicable) and/or Affiliate (only in case IB is taking benefit of financial strength of such Affiliate) is/are subjected to winding up/insolvency proceedings or other proceedings of a similar nature.

(k) In the interest of national integrity, security or otherwise, as may be determined by the GOI.

(l) If at any stage of the process, the IB (sole bidder or any member of Consortium, as applicable) is denied security clearance or their security clearance is revoked by the GOI.

(m) Initiation or existence of any legal proceedings, by or against the IB (sole bidder or any member of Consortium, as applicable) and/or Affiliate (only in case IB is taking benefit of financial strength of such Affiliate) in respect of the Companies which may be prejudiced by the participation of the IB (sole bidder or any member of Consortium, as applicable) in the Bid Process or the Proposed Transaction.

(n) Non fulfilment of any other condition or requirement by the IB (sole bidder or any member of Consortium, as applicable) and/or Affiliate (only in case IB is taking benefit of financial strength of such Affiliate) as listed in this PIM.

(o) If the GOI is not satisfied with sources of funds/ownership structure of the IB and/or Affiliate (only in case IB is taking benefit of financial strength of such Affiliate).

(p) The loans availed by the IB (sole bidder or any member of the Consortium, as applicable), including by its Controlling Shareholder (s)/partners (in case the IB or Affiliate includes a LLP) and/or entities controlled by the IBs and/or Affiliate (only in case IB is taking benefit of financial strength of such Affiliate) have been classified as 'non-performing asset' or such similar classification by any of their lenders.

(q) IB (sole bidder or any member of Consortium, as applicable) and/or Affiliate (only in case IB is taking benefit of financial strength of such

Affiliate) or with respect to such IB/Affiliate, its Controlling Shareholder(s)/partners (in case IB or Affiliate includes an LLP) /entities controlled by the IBs/directors / key managerial persons /equivalent persons are debarred from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities by any governmental authority.

(r) IB (sole bidder or any member of Consortium, as applicable) and/or Affiliate (only in case IB is taking benefit of financial strength of such Affiliate) are disqualified to enter into or perform obligations in relation to the Proposed Transaction (including acting as controlling shareholder of the Companies) pursuant to applicable laws including regulations, guidelines, orders, directions or instructions of any regulatory authority (including SEBI, MOCA, DGCA, DIPP or RBI), administrative authority or department or ministry of central or state government or any court in India.

(s) If the IB (sole bidder or any member of Consortium, as applicable) or its Controlling Shareholder(s)/partners (in case IB or Affiliate includes a LLP) or Affiliate (only in case IB is taking benefit of financial strength of such Affiliate) or with respect to such IB/Affiliate, its Controlling Shareholder(s)/partners (in case IB or Affiliate includes an LLP) /entities controlled by the IBs/directors / key managerial persons / equivalent persons is convicted by any court of law, indicted, or has any adverse order been passed against it by a regulatory authority which would cast a doubt on its ability to manage the Companies when it is disinvested or which related to a grave offence that outrages the moral sense of the community.

(t) IB (sole bidder or any member of Consortium, as applicable) and/or Affiliate (only in case IB is taking benefit of financial strength of such Affiliate) or with respect to such IB/Affiliate, its Controlling Shareholder(s)/partners (in case IB or Affiliate includes an LLP) /entities controlled by the IBs/directors / key managerial persons or equivalent persons appear in the RBI list of wilful defaulters or any such list by a competent authority in their respective jurisdiction.

(u) IB (sole bidder or any member of Consortium, as applicable) and/or Affiliate (only in case IB is taking benefit of financial strength of such Affiliate) are an erstwhile OCB incorporated outside India and under the adverse notice of RBI.

(v) IB (sole bidder or any member of Consortium, as applicable) and/or Affiliate (only in case IB is taking benefit of financial strength of such Affiliate) are prohibited or restricted from investing in the Companies on the basis of status or sector in which the Companies operate or under FEMA, 1999 or any regulations made thereunder or under the extant provisions of the FDI Policy. It being clarified that sectors where government approval is required will not be considered as ‘restricted’ from investing.

(w) If it is discovered at any stage that the IB (sole bidder or any member of Consortium, as applicable) and/or Affiliate (only in case IB is taking benefit of financial strength of such Affiliate) did not possess requisite corporate authorizations or that any part of the information provided in the EOI was not complete or accurate in any respect

(x) IBs (sole bidder or any member of Consortium, as applicable) and/or Affiliate (only in case IB is taking benefit of financial strength of such Affiliate) who are found to canvass, influence or attempt to influence in any manner the qualification or Bid Process, including without limitation, by offering bribes or other illegal gratification, shall be disqualified from the Bid Process at any stage and shall be subject to due process of law.

(y) Any information regarding or in connection with the IB (sole bidder or any member of Consortium, as applicable) and/or Affiliate (only in case IB is taking benefit of financial strength of such Affiliate) which becomes known and is detrimental to Proposed Transaction and/or interest of Companies.

(z) IBs shall not have any conflict of interest ("**Conflict of Interest**") that affects the Bid Process. Any IB found to have a Conflict of Interest shall be disqualified. IBs shall be deemed to have a Conflict of Interest affecting the Bid Process, if:

(i) The IB (sole bidder or any member of the Consortium, as applicable) or Affiliate (only in case IB is taking benefit of financial strength of such Affiliate) or with respect to such IB/Affiliate, its Controlling Shareholder(s)/partners (in case IB or Affiliate includes an LLP) or their respective Associates and any other IB (sole bidder or any member of the Consortium, as applicable) or Affiliate (only in case IB is taking benefit of financial strength of such Affiliate) or with respect to such IB/Affiliate, its Controlling Shareholder(s)/partners (in case IB or Affiliate includes an LLP) or their respective Associates have common controlling shareholders or any other controlling interest (controlling shareholding for the purposes of this clause shall be the shareholder(s) having a shareholding (direct or indirect) of more than 20% (twenty percent) of the paid up and subscribed equity share capital of such IB, or its Associate or its Controlling Shareholder(s) /partners (in case the IB or Affiliate includes a LLP) or their respective Associates as the case may be);

Provided that this disqualification shall not apply in cases where the ownership is by a bank, insurance company, pension fund or a public financial institution as defined in section 2(72) of the Companies Act, 2013.

Computation of indirect shareholding or participative interest- For the purposes of this clause, indirect shareholding or

participative interest held through one or more intermediate persons shall be computed as follows:

(1) Where any intermediary (for example 'Entity B') is Controlled by a person (for example 'Entity A') through management control or otherwise, the entire shareholding or participative interest held by such controlled intermediary i.e. 'Entity B' in any other person for example 'Entity C' shall be taken into account for computing the shareholding or participative interest of such controlling person i.e. 'Entity A' in 'Entity C'; and

(2) Where a person i.e. 'Entity A' does not exercise Control over an intermediary i.e. 'Entity B', which has shareholding or participative interest in another entity i.e. 'Entity C', the computation of indirect shareholding of such person in 'Entity B' shall be undertaken on a proportionate basis; provided, however, that no such shareholding or participative interest shall be reckoned under this sub-clause, if the shareholding or participative interest of such person in the intermediary, i.e. 'Entity B', is less than 20% of the subscribed and paid up equity shareholding of such intermediary or equivalent interest (*For the purposes of clause 13.2.z(i) above, "Control" shall have the meaning set forth in Section 2(27) of the Companies Act, 2013*) or;

(ii) A constituent of such IB is also a constituent of another IB; or

(iii) Such IB (sole bidder or any member of the Consortium, as applicable) or Affiliate (only in case IB is taking benefit of financial strength of such Affiliate) or with respect to such IB/Affiliate, its Controlling Shareholder(s)/partners (in case IB or Affiliate includes an LLP) or their respective Associates receives or has received/provided any direct or indirect subsidy, grant or concessional loan from/to any other IB (sole bidder or any member of the Consortium, as applicable) or Affiliate (only in case IB is taking benefit of financial strength of such Affiliate) or with respect to such IB/Affiliate, its Controlling Shareholder(s)/partners (in case IB or Affiliate includes an LLP) or their respective Associates; or

(iv) Such IB has the same Authorised Signatory for purposes of the EOI as any other IB; or

(v) Such IB (sole bidder or any member of the Consortium, as applicable) or Affiliate (only in case IB is taking benefit of financial strength of such Affiliate) or with respect to such

IB/Affiliate, its Controlling Shareholder(s)/partners (in case IB or Affiliate includes an LLP) or their respective Associates has a relationship with another IB (sole bidder or any member of the Consortium, as applicable) or Affiliate (only in case IB is taking benefit of financial strength of such Affiliate) or with respect to such IB/Affiliate, its Controlling Shareholder(s)/partners (in case IB or Affiliate includes an LLP) or their respective Associates, directly or through third party/ parties, that puts either or both of them in a position to have access to each other's information about, or to influence the EOI of either or each other; or

(vi) Such IB (sole bidder or any member of the Consortium, as applicable) or Affiliate (only in case IB is taking benefit of financial strength of such Affiliate) or with respect to such IB/Affiliate, its Controlling Shareholder(s)/partners (in case IB or Affiliate includes an LLP) or their respective Associates has/have participated as a consultant or advisor to the MOCA/AI/GOI /TA for the Proposed Transaction.

Provided that the provisions set out in clause 13.2(z) (i), 13.2(z) (iii) and 13.2(z)(iv) shall not apply to IBs which are government entities.

13.3 If any information or disqualification is discovered or becomes known after the IB has been qualified to receive the CIM, which information/ disqualification would have entitled GOI to reject the EOI of the relevant IB, GOI reserve the right to reject the IB at the time such information/ disqualification becomes known to/ discovered by GOI/ TA. Where such party is member of a Consortium, GOI, may disqualify the entire Consortium, even if the information/disqualification pertained/applied to only one member of the Consortium.

13.4 GOI's determination that one or more of the events specified in clauses 13.1, 13.2 and 13.3 has occurred shall be final and conclusive. In addition to the eligibility of the IB being a sole bidder, each of the members of Consortium and the Consortium as a whole must be eligible, as per criteria mentioned in this PIM, on the date of submission of the EOI and must continue to be eligible at and prior to the closing of the Proposed Transaction. The IB shall be required to provide a declaration to certify its continuous eligibility as per the terms of the RFP and/or definitive documents.

13.5 In regard to matters relating to the security and integrity of the country, any charge-sheet by an agency of the Government/ conviction by a Court of Law for an offence committed by the IB (sole bidder or any member of the Consortium as applicable) and/or Affiliate (only in case IB is taking benefit of financial strength of such Affiliate) or with respect to such IB/Affiliate, its Controlling Shareholder(s)/partners (in case IB or Affiliate includes an LLP) or their respective Associates would result in disqualification. The decision in regard to the relationship with the Associate or shareholders or members

would be taken based on the relevant facts and after examining whether the two concerns are substantially controlled by the same person/persons.

13.6 Any condition or qualification or any other stipulation inserted by the IB in the EOI shall render the EOI liable to rejection at the discretion of the GOI.

13.7 Breach of Confidentiality Undertaking executed by the IB (including any member of a Consortium) inter alia will result in disqualification.

13.8 If the IB (sole bidder or any member of the Consortium, as applicable) and/or Affiliate (only in case IB is taking benefit of financial strength of such Affiliate) do not satisfy any of the requirements as may be issued by the GOI/TA by way of notifications / issue of guidelines / circulars or such similar notifications from time to time, including any additional conditions of disqualifications, the EOI submitted by the IB shall be disqualified.

13.9 Notwithstanding anything contained in this PIM, the GOI reserves the right to reject any EOI and to annul the Bid Process and reject all EOIs at any time without any liability or any obligation for such acceptance, rejection or annulment, including on grounds of national integrity, national security and national interest, or without assigning any reasons therefore. In the event that the GOI rejects or annuls all the EOIs, it may, in its discretion, invite all eligible IBs to submit fresh EOI hereunder. Provided in case GOI decides to annul the Bid Process, the Application Fee and the VDR access fee submitted by the IBs shall be refunded.

13.10 The GOI reserves the right not to proceed with the Bid Process at any time, without notice or liability, and to reject any EOI without communicating any reason.

13.11 The GOI/TA will follow the procedure for disqualifications of IBs set out in Office Memorandum No. 3/9/2016-DoD-II-B dated September 28, 2017, as applicable.

ANNEXURES

ANNEXURE 1: ADVERTISEMENT

GOVERNMENT OF INDIA

Ministry of Finance

Department of Investment and Public Asset Management

GLOBAL INVITATION FOR EXPRESSION OF INTEREST FOR PROPOSED STRATEGIC DISINVESTMENT OF AIR INDIA LIMITED BY WAY OF THE TRANSFER OF MANAGEMENT CONTROL AND SALE OF 100 % EQUITY SHARE CAPITAL OF AIR INDIA LIMITED HELD BY GOI, WHICH WILL INCLUDE AI'S SHAREHOLDING INTEREST OF 100% IN AIR INDIA EXPRESS LIMITED AND 50% IN AIR INDIA SATS AIRPORT SERVICES PRIVATE LIMITED

Air India Limited (AI) is a wholly owned Government of India Company under the administrative control of Ministry of Civil Aviation engaged in the activity of Air Transport Operations and allied activities operating both domestically and internationally.

Government of India (GOI) proposes Strategic Disinvestment of AI by way of the transfer of management control and sale of 100% equity share capital of AI held by GOI, which will include AI's shareholding interest of 100% in the Air India Express Limited and 50% in Air India SATS Airport Services Private Limited. GOI has appointed Ernst & Young LLP, India (EY), as its sole Transaction Advisor (TA) to advise and manage the strategic disinvestment process.

This disinvestment process is to be implemented through open competitive bidding route. A Preliminary Information Memorandum for inviting Expression of Interest (EOI) from interested bidders can be downloaded from websites of Department of Investment and Public Asset Management at http://dipam.gov.in, Ministry of Civil Aviation at http://www.civilaviation.gov.in/, AI at http://www.airindia.in and Transaction Advisor at http://www.ey.com/en_in/alerts-hub. The EOI is invited to be submitted from Interested Bidders at the address mentioned below up to **17:00:00 Hrs** on or before **17th March, 2020**. In future, any amendments/ extension for submission of EOI will be uploaded on the above websites.

Address for submission of EOI: Mr. Kuljit Singh/ Mr. Sushi Shyamal Vemu
Partner, Ernst & Young LLP India

3rd Floor, Worldmark-1,

IGI Airport Hospitality District,
Aerocity, New Delhi-110037, India

(Note: The above address for submission may be changed at the discretion of the TA)

ANNEXURE 2: FORMAT FOR LETTER OF EOI (SOLE BIDDER)

(To be provided on the letterhead of the sole bidder submitting the EOI - duly verified by a notary and signed on each page by the Authorised Signatory of the IB and the Affiliate as applicable)

Reference No. _____ ***Date*** _____

To,

Mr. Kuljit Singh/ Mr. Sushi Shyamal Vemu
Ernst & Young LLP India (TA, acting on behalf of GoI)
3rd Floor, Worldmark-1,
IGI Airport Hospitality District, Aerocity,
New Delhi-110037, India

Kind Attention: Mr. Kuljit Singh/ Mr. Sushi Shyamal Vemu

SUB – INVITATION OF EXPRESSION OF INTEREST FOR STRATEGIC DISINVESTMENT OF AIR INDIA LIMITED

Sir,

This is with reference to the advertisement dated [●] ("**Advertisement**") and Preliminary Information Memorandum ("PIM") inviting applications for the strategic disinvestment of AI by way of the transfer of management control and sale of 100% equity share capital of AI held by GOI, which will include AI's shareholding interest of 100% in the Air India Express Limited and 50% in Air India SATS Airport Services Private Limited ("**Proposed Transaction").**

Being duly authorized to represent and act on behalf of _____ (who is the interested bidder ("**IB**") for this expression of interest ("**EOI**")) and having reviewed and fully understood all of the requirements and information provided as a part of the Bid Process, the undersigned hereby expresses the IB's interest in participating in the Bid Process

We have read and understood the contents of the Advertisement and the PIM and are desirous of participating in the Proposed Transaction and without prejudice to the other requirements under the PIM, we confirm and undertake as follows:

1. We are interested in bidding for the Proposed Transaction.

2. We are submitting our EOI in individual capacity as _____ (insert name of IB) having its registered office at _____ [*insert address]*.

3. We satisfy the eligibility criteria detailed in the PIM, including the guidelines of Department of Investment and Public Asset Management No. 3/9/2016-DoD-II-B dated September 28, 2017 and any amendment made from time to

time, and are not affected by any of the disqualifications set out in Clause 13 of the PIM.

4. We confirm and represent that we have the requisite corporate authorisation to submit this EOI and that every part of the information provided in this EOI is complete and accurate in all respects.

5. We confirm and represent that we shall abide by the conditions set out as per clauses 12.2 and 12.16 of the PIM in the event we are finally selected to enter into definitive documents as per the RFP of the Proposed Transaction.

6. We undertake that in the event we are finally selected to enter into definitive documents as per the RFP for the Proposed Transaction, we shall ensure that 3% of equity share capital of the Company is offered to the permanent employees of AI as per terms of an ESOP, on terms as may be specified at the RFP stage.

7. We undertake that in the event we are finally selected to enter into definitive documents as per the RFP for the Proposed Transaction, AI and AIXL shall continue their business of providing air transport services on a going-concern basis for a period of 3 (three) years from the date of the closing of the Proposed Transaction, as per conditions set out in clause 12.4 of the PIM and terms as may be specified in the definitive documents.

8. We shall abide by conditions set out in the RFP and/or the definitive documents to safeguard employees' interests.

9. We shall abide by other conditions set out in the RFP and/or the definitive documents, including inter alia conditions in relation to misuse of the Companies.

10. We certify that EOI is consistent with, and does not demonstrate any failure to comply with, the provisions of the PIM, including not being accompanied by the Application Fee, or the EOI being conditional in any respect.

11. We acknowledge that we or the EOI submitted by us may be disqualified with or without assigning any reasons, including without limitation for the reasons set out in Clause 13 of the PIM.

12. We further certify that there is no information regarding or with the IB and / or its Affiliate (only in case IB is taking benefit of financial strength of such Affiliate), which is or will be detrimental to the Proposed Transaction and/or the interests of the Companies.

13. We agree and acknowledge that we may be disqualified at any stage of the Bid Process in the interest of national integrity, security or otherwise, as may be determined by the GOI.

14. We agree and acknowledge that we may be disqualified at any stage of the process, if we are denied security clearance or security clearance is revoked by the GOI.

15. We certify that no legal proceedings have been initiated or exist, by or against us and/or our Affiliate (only in case IB is taking benefit of financial strength of such Affiliate) in respect of the companies, which proceeding may be prejudiced by our participation in the Bid Process or the Proposed Transaction.

16. We certify that neither have we, nor our Affiliate (only in case IB is taking benefit of financial strength of such Affiliate) or with respect to such IB/Affiliate, their Controlling Shareholder(s)/partners (in case IB or Affiliate includes an LLP) been convicted by any Court of law, indicted, nor has any adverse order been passed against us by a regulatory authority which would cast a doubt on our ability to manage the Companies when they are disinvested or which related to a grave offence that outrages the moral sense of the community.

17. We further certify that in regard to matters relating to the security and integrity of the country, there is no charge-sheet by an agency of the Government / conviction by a Court of Law for an offence committed by us or our Affiliate (only in case IB is taking benefit of financial strength of such Affiliate) or by any of our/our Affiliate's Controlling Shareholder(s)/partners (in case the IB or Affiliate includes a LLP) or their Associate(s)

18. In the event we are attracted by any of the disqualifications in terms of the PIM during the pendency of the Bid Process, owing to change in facts or circumstances, we would intimate the GOI of the same immediately.

19. We represent that we and our Affiliate (only in case IB is taking benefit of financial strength of such Affiliate) are not disqualified to enter into or perform our obligations in relation to the Proposed Transaction (including acting as controlling shareholder of the Companies) pursuant to applicable laws including regulations, guidelines, orders, directions or instructions of any regulatory authority (including SEBI, MOCA, DGCA, DIPP or RBI), administrative authority or department or ministry of central or state government or any court in India.

20. We and our Affiliate (only in case IB is taking benefit of financial strength of such Affiliate) undertake to provide all supplemental information/documents sought by the TA for evaluation of the EOI (even if such information/documents are sought after the EOI Deadline).

21. We certify that we and our Affiliate (only in case IB is taking benefit of financial strength of such Affiliate) have no Conflict of Interest (as defined under the PIM) and we have not submitted, directly or indirectly, any EOI other than this EOI.

22. We certify that there are no winding up/insolvency proceedings or other proceedings of a similar nature initiated or pending against us and our Affiliate (only in case IB is taking benefit of financial strength of such Affiliate).

23. We undertake that substantial ownership and effective control of the AI and AIXL will continue to be vested in Indian nationals.

24. We represent that the loans availed by us, our Affiliate (only in case IB is taking benefit of financial strength of such Affiliate) and our / our Affiliate's Controlling Shareholder(s)/partners (in case IB or Affiliate includes an LLP) /entities controlled by us have not been classified as 'non-performing asset' or such similar classification by any lender.

25. We represent that we and our Affiliate (only in case IB is taking benefit of financial strength of such Affiliate) and our / our Affiliate's Controlling Shareholder(s)/partners (in case IB or Affiliate includes an LLP) /entities controlled by us are not entities, nor have directors /key managerial persons / equivalent persons who are debarred from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities by any governmental authority.

26. We represent that neither we, our Affiliate (only in case IB is taking benefit of financial strength of such Affiliate), our / our Affiliate's Controlling Shareholder(s)/partners (in case IB or Affiliate includes an LLP), nor their respective directors (or partners, in case IB includes an LLP) or key managerial personnel or equivalent persons appear in the RBI list of Wilful Defaulters (as defined in the PIM) or the list of any other competent authority in their respective jurisdiction.

27. We represent that we and our Affiliate (only in case IB is taking benefit of financial strength of such Affiliate) are not erstwhile OCBs which are incorporated outside India and are under the adverse notice of RBI.

28. We represent that we and our Affiliate (only in case IB is taking benefit of financial strength of such Affiliate) are not prohibited or restricted from investing in the Companies on the basis of status or sector in which the Companies operates under FEMA, 1999 or any regulations made thereunder or under the extant provisions of the FDI Policy.

29. We confirm that we and our Affiliate (only in case IB is taking benefit of financial strength of such Affiliate) have not made any attempts to directly or indirectly canvass, influence or attempt to influence in any manner the qualification or Bid Process, including without limitation, by offering bribes or other illegal gratification.

30. We confirm that we and our Affiliate (only in case IB is taking benefit of financial strength of such Affiliate) are not and have not been classified as Central Public Sector Undertaking or a Central Government Owned Cooperative Society (i.e. where GOI's ownership is 51% or more).

31. The Statement of Legal Capacity, Form A and other information as per formats given in the PIM, duly signed by our and our Affiliate's (only in case IB is taking benefit of financial strength of such Affiliate) Authorised Signatory are enclosed, along with the stamped and notarized (or apostilled or duly legalised (as per applicable procedure in respective jurisdiction for submission in India), as relevant) Power of Attorney.

Capitalised terms not defined in this letter, but defined in the PIM, shall have the same meanings as ascribed to it in the PIM.

(In case of entities having PAN and TAN registration in India)

Our PAN number is _____.

Our TAN number is _____.

(In case of entities not having PAN and TAN registration in India)

- Name, Email-ID, contact number
- Address in the country of residence
- Country of tax residency
- Tax Identification Number ('TIN') in the country of residence; if no TIN is being issued, any other unique identification number issued by the Government of such country.

Thank you.

Yours sincerely,

For and on behalf of: (name of the sole bidder)

Signature: (Authorised Signatory of the sole bidder)

Name of the Person: _____

Designation: _____

Enclosure:
1. List of the all the annexure/ document as required in Clause 10.4

ANNEXURE 3: FORMAT FOR LETTER OF EOI (CONSORTIUM)

(To be provided on the letterhead of Lead Member of Consortium submitting EOI - duly verified by a notary and signed on each page by the Authorised Signatory of the IB and the Affiliate as applicable)

Reference No. _____ ***Date*** _____

To,

Mr. Kuljit Singh/ Mr. Sushi Shyamal Vemu
Ernst & Young LLP India (TA, acting on behalf of GoI)
3rd Floor, Worldmark-1,
IGI Airport Hospitality District, Aerocity,
New Delhi-110037, India

Kind Attention: Mr. Kuljit Singh/ Mr. Sushi Shyamal Vemu

SUB – INVITATION OF EXPRESSION OF INTEREST FOR STRATEGIC DISINVESTMENT OF AIR INDIA LIMITED

Sir,

This is with reference to the advertisement dated [●] ("**Advertisement**") and Preliminary Information Memorandum ("PIM") inviting applications for the strategic disinvestment of AI by way of the transfer of management control and sale of 100% equity share capital of AI held by GOI, which will include AI's shareholding interest of 100% in the Air India Express Limited and 50% in Air India SATS Airport Services Private Limited ("**Proposed Transaction").**

Being duly authorized to represent and act on behalf of _____ as Lead member to represent the Consortium (who is the interested bidder ("**IB**") for this expression of interest ("**EOI**")), and having reviewed and fully understood all of the requirements and information provided as a part of the Bid Process, the undersigned hereby expresses the IB's interest in participating in the Bid Process.

We have read and understood the contents of the Advertisement and the PIM and are desirous of participating in the Proposed Transaction and without prejudice to the other requirements under the PIM, we confirm and undertake as follows:

1. We have formed a consortium comprising of [●] members ("Consortium") as follows:

    a. [●] holding [●]% shareholding in the Consortium;

    b. [●] holding [●]% shareholding in the Consortium; and

c. [●] holding [●]% shareholding in the Consortium

2. We have agreed that [●] shall act as the Lead Member of the Consortium ("**Lead Member**").

3. We are interested in bidding for the Proposed Transaction.

4. We satisfy the eligibility criteria detailed in the PIM, including the guidelines of Department of Investment and Public Asset Management No. 3/9/2016-DoD-II-B dated September 28, 2017 and any amendment made from time to time, and are not affected by any of the disqualifications set out in Clause 13 of the PIM.

5. We confirm and represent that we have the requisite corporate authorisation to submit this EOI and that every part of the information provided in this EOI is complete and accurate in all respects.

6. We agree to form a special purpose vehicle, in India/under the laws of India, once finally selected to enter into the definitive documents. The shareholding of the special purpose vehicle shall be the same as the shareholding of the members in the Consortium as set out in the paragraph 1 above.

7. We acknowledge that GOI will have rights of enforcement as against the special purpose vehicle mentioned above under the parent guarantee and also against the members of Consortium for breach of undertakings and representations made to the GOI under the EOI including under Annexure 8

8. We agree that there will be no changes either by way of withdrawal/substitution/addition of any member of any Consortium or any change affecting the composition of the Consortium may be permitted post EOI Deadline other than in accordance with Clause 12.1 of the PIM.

9. We confirm and represent that we shall abide by the conditions set out as per clauses 12.2 and 12.16 of the PIM in the event we are finally selected to enter into definitive documents as per the RFP of the Proposed Transaction.

10. We undertake that in the event we are finally selected to enter into definitive documents as per the RFP for the Proposed Transaction, we shall ensure that 3% of equity share capital of the Company is offered to the permanent employees of AI as per terms of an ESOP, on terms as may be specified at the RFP stage.

11. We undertake that in the event we are finally selected to enter into definitive documents as per the RFP for the Proposed Transaction, AI and AIXL shall continue their business of providing air transport services on a going-concern basis for a period of 3 (three) years from the date of the closing of the Proposed Transaction, as per conditions set out in clause 12.4 of the PIM and terms as may be specified in the definitive documents.

12. We shall abide by conditions set out in the RFP and/or the definitive documents to safeguard employees' interests.

13. We shall abide by other conditions set out in the RFP and/or the definitive documents, including inter alia conditions in relation to misuse of the Companies.

14. We certify that EOI is consistent with, and does not demonstrate any failure to comply with the provisions of the PIM, including not being accompanied by the Application Fee, or the EOI being conditional in any respect.

15. We acknowledge that we or the EOI submitted by us may be disqualified with or without assigning any reasons including without limitation for the reasons set out in clause 13 of the PIM.

16. We further certify that there is no information regarding or with the IB and our Affiliate (only in case the consortium member is taking benefit of financial strength of such Affiliate), which is or will be detrimental to the Proposed Transaction and/or the interests of the Companies.

17. We agree and acknowledge that we may be disqualified at any stage of the Bid Process, in the interest of national integrity, security or otherwise, as may be determined by the GOI.

18. We agree and acknowledge that we may be disqualified at any stage of the process, if we are denied security clearance or security clearance is revoked by the GOI.

19. We certify that no legal proceedings have been initiated or exist, by or against us and our Affiliate (only in case the consortium member is taking benefit of financial strength of such Affiliate) which proceeding may be prejudiced by our participation in the Bid Process or the Proposed Transaction.

20. We certify that neither have we, nor our Affiliate (only in case the consortium member is taking benefit of financial strength of such Affiliate) or with respect to such IB/Affiliate, their Controlling Shareholder(s)/partners (in case IB or Affiliate includes an LLP) been convicted by any Court of law, indicted, nor has any adverse order been passed against us by a regulatory authority which would cast a doubt on our ability to manage the Companies when they are disinvested or which related to a grave offence that outrages the moral sense of the community.

21. We further certify that in regard to matters relating to the security and integrity of the country, there is no charge-sheet by an agency of the Government / conviction by a Court of Law for an offence committed by us or our Affiliate (only in case the consortium member is taking benefit of financial strength of such Affiliate) or by any of our/our Affiliate's Controlling Shareholder(s) /partners (in case the IB or Affiliate includes a LLP) or their Associates

22. In the event we and our Affiliate (only in case the consortium member is taking benefit of financial strength of such Affiliate) are attracted by any of the disqualifications in terms of the PIM during the pendency of the Bid process, owing to change in facts or circumstances, we would intimate the GOI of the same immediately.

23. We represent that we and our Affiliate (only in case the consortium member is taking benefit of financial strength of such Affiliate) are not disqualified to enter into or perform our obligations in relation to the Proposed Transaction (including acting as controlling shareholder of the Companies) pursuant to the applicable laws including regulations, guidelines, orders, directions or instructions of any regulatory authority (including SEBI, MOCA, DGCA, DIPP or RBI), administrative authority or department or ministry of central or state government or any court in India.

24. We and our Affiliate (only in case the consortium member is taking benefit of financial strength of such Affiliate) undertake to provide all supplemental information/documents sought by the TA for evaluation of the EOI (even if such information/documents are sought after the EOI Deadline).

25. We certify that we and our Affiliate (only in case the consortium member is taking benefit of financial strength of such Affiliate) have no Conflict of Interest (as defined under the PIM) and we have not submitted, directly or indirectly, any EOI other than this EOI.

26. We certify that there are no winding up/insolvency proceedings or other proceedings of a similar nature initiated or pending against us and our Affiliate (only in case the consortium member is taking benefit of financial strength of such Affiliate).

27. We undertake that substantial ownership and effective control of the AI and AIXL will continue to be vested in Indian nationals.

28. We represent that the loans availed by us, our Affiliate (only in case the consortium member is taking benefit of financial strength of such Affiliate) and our / our Affiliate's Controlling Shareholder(s) /partners (in case the IB or Affiliate includes a LLP) / entities controlled by us have not been classified as 'non-performing asset' or such similar classification by any lender.

29. We represent that we and our Affiliate (only in case the consortium member is taking benefit of financial strength of such Affiliate) and our / our Affiliate's Controlling Shareholder(s)/partners (in case IB or Affiliate includes an LLP) /entities controlled by us are not entities, nor have directors/key managerial persons/equivalent persons who are debarred from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities by any governmental authority.

30. We represent that neither we, our Affiliate (only in case the consortium member is taking benefit of financial strength of such Affiliate), our / our Affiliate's Controlling Shareholder(s)/partners (in case the IB or Affiliate includes a LLP), nor their respective directors (or partners, in case IB includes an LLP) or key managerial personnel or equivalent persons appear in the RBI list of Wilful Defaulters (as defined in the PIM) or the list of any other competent authority in their respective jurisdiction.

31. We represent that we and our Affiliate (only in case the consortium member is taking benefit of financial strength of such Affiliate) are not erstwhile OCBs which are incorporated outside India and are under the adverse notice of RBI.

32. We represent that we and our Affiliate (only in case the consortium member is taking benefit of financial strength of such Affiliate) are not prohibited or restricted from investing in the Companies on the basis of status or sector in which the Companies operates under FEMA, 1999 or any regulations made thereunder or under the extant provisions of the FDI.

33. We confirm that we and our Affiliate (only in case the consortium member is taking benefit of financial strength of such Affiliate) have not made any attempts to directly or indirectly canvass, influence or attempt to influence in any manner the qualification or Bid Process, including without limitation, by offering bribes or other illegal gratification.

34. We confirm that we and our Affiliate (only in case the consortium member is taking benefit of financial strength of such Affiliate) are not and have not been classified as Central Public Sector Undertaking or a Central Government Owned Cooperative Society (i.e. where GOI's ownership is 51% or more).

35. The Statement of Legal capacity, Form A and other information, duly signed by our and our Affiliate's (only in case the consortium member is taking benefit of financial strength of such Affiliate) Authorised Signatory with the certified true copy of the Consortium Agreement between the consortium members, all as per formats given in Annexure of the PIM is enclosed. Further, the stamped and notarized (or apostilled or duly legalised (as per applicable procedure in respective jurisdiction for submission in India), as relevant) Power of Attorney is also enclosed.

Capitalised terms not defined in this letter, but defined in the PIM, shall have the same meanings as ascribed to it in the PIM

(In case of entities having PAN and TAN registration in India)

Lead Member's PAN number is _____.

Lead Member's TAN number is _____.

(In case of entities not having PAN and TAN registration in India, following details of the Lead Member):

- Name, Email-ID, contact number
- Address in the country of residence
- Country of tax residency
- Tax Identification Number ('TIN') in the country of residence; if no TIN is being issued, any other unique identification number issued by the Government of such country.

Thank you.

Yours sincerely,

For and on behalf of: (name of the Lead Member)

Signature: (Authorised Signatory of the Lead Member)

Name of the Person: [●]

Designation: [●]

The letter should also be counter signed on each page by Authorised Signatory of all the members of the Consortium

Enclosure:

1. List of the all the annexure/ document as required in Clause 10.4

ANNEXURE 4: STATEMENT OF LEGAL CAPACITY FOR SOLE BIDDER

(To be provided on the letterhead of the sole bidder submitting the EOI - duly verified by a notary and signed on each page by the Authorised Signatory of the IB and the Affiliate as applicable)

Reference No. _____ ***Date*** _____

To,

Mr. Kuljit Singh/ Mr. Sushi Shyamal Vemu
Ernst & Young LLP India (TA, acting on behalf of GoI)
3rd Floor, Worldmark-1,
IGI Airport Hospitality District, Aerocity,
New Delhi-110037, India

Kind Attention: Mr. Kuljit Singh/ Mr. Sushi Shyamal Vemu

SUB – INVITATION OF EXPRESSION OF INTEREST FOR STRATEGIC DISINVESTMENT OF AIR INDIA LIMITED

Sir,

This is with reference to the advertisement dated [●] ("**Advertisement**") and Preliminary Information Memorandum ("PIM") inviting applications for the strategic disinvestment of AI by way of the transfer of management control and sale of 100% equity share capital of AI held by GOI, which will include AI's shareholding interest of 100% in the Air India Express Limited and 50% in Air India SATS Airport Services Private Limited ("**Proposed Transaction").**

_____ (hereinafter referred to as the **"IB"**), having reviewed, fully understood and accepted all of the requirements and information provided as a part of the Bid Process, we express the IB's interest in participating in the Bid Process.

We have read and understood the contents of the Advertisement and the PIM and are desirous of participating in the Proposed Transaction and confirm and undertake as follows:

1. We are interested in bidding for the Proposed Transaction.

2. We have examined in detail and have understood the terms and conditions and eligibility criteria stipulated in the PIM and we satisfy the eligibility criteria stipulated in the PIM.

3. We represent that all the information provided in the EOI (including all supporting documents) is complete and accurate in all respects and no material information has been omitted to be disclosed.

4. We have agreed that [●] (insert name), who is the [managing director/ director] (**"Authorised Signatory"**) will act as our representative and has been duly authorised to submit the EOI along with all the documents to be submitted pursuant to the PIM.

   The document authorising the Authorised Signatory is attached hereto.

5. The Authorised Signatory is vested with the requisite power and authority to furnish Form A and other documents for the EOI and authenticate the same.

   Capitalised term not defined in this letter, but defined in the PIM, shall have the same meanings as ascribed to it in the PIM

(In case of entities having PAN and TAN registration in India)

Our PAN number is _____.

Our TAN number is _____.

(In case of entities not having PAN and TAN registration in India)

- Name, Email-ID, contact number
- Address in the country of residence
- Country of tax residency
- Tax Identification Number ('TIN') in the country of residence; if no TIN is being issued, any other unique identification number issued by the Government of such country.

Thank you.

Yours sincerely,

For and on behalf of: (name of the sole bidder)

Signature: (Authorised Signatory of the sole bidder)

Name of the Person: _____

Designation:

ANNEXURE 5: STATEMENT OF LEGAL CAPACITY FOR A CONSORTIUM

(To be provided on letterhead of Lead Member of the Consortium submitting the EOI - duly verified by a notary and signed on each page by the Authorised Signatory of the IB and the Affiliate as applicable)

Reference No. _____ ***Date*** _____

To,
Mr. Kuljit Singh/ Mr. Sushi Shyamal Vemu
Ernst & Young LLP India (TA, acting on behalf of GoI)
3rd Floor, Worldmark-1,
IGI Airport Hospitality District, Aerocity,
New Delhi-110037, India

Kind Attention: Mr. Kuljit Singh/ Mr. Sushi Shyamal Vemu

SUB – INVITATION OF EXPRESSION OF INTEREST FOR STRATEGIC DISINVESTMENT OF AIR INDIA LIMITED

Sir,

This is with reference to the advertisement dated [●] ("**Advertisement**") and Preliminary Information Memorandum ("PIM") inviting applications for the strategic disinvestment of AI by way of the transfer of management control and sale of 100% equity share capital of AI held by GOI, which will include AI's shareholding interest of 100% in the Air India Express Limited and 50% in Air India SATS Airport Services Private Limited ("**Proposed Transaction").**

This communication has been issued by the Lead Member (as defined below) for and on behalf of the Consortium (as defined below).

We have read, understood and agree to the contents of the Advertisement and PIM and are desirous of participating in the Bid Process. We confirm and undertake as follows:

1. We are interested in bidding for the Proposed Transaction.

2. We have formed a consortium comprising of _____ members (**"Consortium"**) as follows:

   a. _____ holding _____% shareholding in the Consortium;

   b. _____ holding _____ shareholding in the Consortium and

   c. _____ holding _____% shareholding in the Consortium

3. We have agreed that _____shall act as the Lead Member of our Consortium **("Lead Member")**. We have examined in detail and have understood the terms and conditions and eligibility criteria stipulated in the

PIM and the Consortium jointly satisfies the eligibility criteria stipulated in the PIM.

4. We represent that all the information provided in the EOI along with supporting documents is complete and accurate in all respects and no material information has been omitted to be disclosed.

5. We have agreed that _____ (insert name) who is the [managing director/ director] of the Lead Member (**"Authorised Signatory"**) will act as the representative of our Consortium and has been duly authorised to submit on our behalf the EOI (including all the supporting documents) to be submitted pursuant to the PIM. Document authorising the Lead Member and the Authorised Signatory, and the board resolution and Power of Attorney authorising the Authorised Signatory of each of the members of the Consortium are attached hereto.

6. Our Authorised Signatory is vested with the requisite power and authority to furnish Form A and other documents for the EOI and authenticate the same on behalf of us, and in the case of the Authorised Signatory of the Lead Member, he is vested with the requisite power and authority to furnish Form A and other documents for the EOI and authenticate the same on behalf of the Lead Member and the Consortium.

Capitalised term not defined in this letter, but defined in the PIM, shall have the same meanings as ascribed to it in the PIM.

(In case of entities having PAN and TAN registration in India)

Our PAN number is _____.

Our TAN number is _____.

(In case of entities not having PAN and TAN registration in India)

- Name, Email-ID, contact number
- Address in the country of residence
- Country of tax residency
- Tax Identification Number ('TIN') in the country of residence; if no TIN is being issued, any other unique identification number issued by the government of such country.

Thank you

Yours sincerely,

For and on behalf of: (name of the Lead Member)

Signature: (Authorised Signatory of the Lead Member)

Name of the Person: _____

Designation: Director

The letter should also be counter signed on each page by Authorised Signatory of all the members of the Consortium.

ANNEXURE 6: FORM A

(To be submitted on letterhead (unless otherwise mentioned) of Interested Bidder (sole bidder/each member of the Consortium) and Affiliate (only in case the IB is taking the benefit of financial strength of such Affiliate) as applicable - duly verified by a notary and signed on each page by the Authorised Signatory of the IB and the Affiliate as applicable)

A. Name of the Interested Bidder(s) and its Affiliate (Only in case the IB is taking the benefit of financial strength of such Affiliate) (to be provided for the sole bidder or each member of the Consortium, as applicable)

_____

Executive Summary (to be provided for the sole bidder or each member of the Consortium, and the Affiliate (Only in case the IB is taking the benefit of financial strength of such Affiliate) as applicable): providing brief description of the IB (sole bidder or each member of Consortium, **and the Affiliate (Only in case the IB is taking the benefit of financial strength of such Affiliate)** as applicable) and, containing details like ownership structure, sources of funds, identity of the natural persons who are the Ultimate Beneficial Owners ('Ultimate Beneficial Owner' means the natural person or persons who are the ultimate beneficial owners of the IBs **,its Affiliate (Only in case the IB is taking the benefit of financial strength of such Affiliate)** and/or who ultimately own, control or influence the IB, its Affiliate **(Only in case the IB is taking the benefit of financial strength of such Affiliate)** and includes a person who exercises ultimate effective control over a legal person or arrangement), the Effective Place of Management of business of the IB **,its Affiliate (Only in case the IB is taking the benefit of financial strength of such Affiliate)** and each member of the consortium ('Effective Place of Management' means the place where key management and commercial decisions that are necessary for the conduct of business of an entity as a whole are, in substance made), etc., write up on business history and growth, business areas / activities, respective revenue details. It shall include a brief commentary on the capability of the IB (sole bidder or each member of Consortium, **,its Affiliate (Only in case the IB is taking the benefit of financial strength of such Affiliate)** as applicable), as demonstrated, inter alia, in its past track record, to run its own business.

B. Contact Information of the IB:

1) Following details of IB (for the sole bidder/ each member of the Consortium, as applicable), **its Affiliate (Only in case the IB is taking the benefit of financial strength of such Affiliate)** including phone number, facsimile number

   a) Registered Office – Address, phone number, facsimile number

   b) Head Office – Address, phone number, facsimile number

2) Address for correspondence along with email address of IB (sole

bidder or each member of the Consortium, as applicable), **its Affiliate (Only in case the IB is taking the benefit of financial strength of such Affiliate),**

3) Contact Person(s):

a) Name:

b) Designation:

c) Phone No.:

d) Mobile No.:

e) Fax No.:

f) Email:

4) It is understood by the IB that the TA shall only communicate with the Consortium through the Lead Member.

5) Website details of IB (sole bidder or each member of the Consortium, as applicable), **its Affiliate (Only in case the IB is taking the benefit of financial strength of such Affiliate)**.

D. **Basic Information of the IB** (to be provided for sole bidder or each member of the Consortium and Affiliate (only in case IB is taking benefit of financial strength of such Affiliate) as applicable)**:**

1) Constitution (Tick, wherever applicable)

a) Public Limited Company

b) Private Limited Company

c) Limited Liability Partnership Firm

d) Others, if any (Please specify)

2) Date and Place of incorporation of IB/ each member of the Consortium and Affiliate (only in case IB is taking benefit of financial strength of such Affiliate)

3) Date of commencement of business of IB/ each member of the Consortium and Affiliate (only in case IB is taking benefit of financial strength of such Affiliate)

4) Role/interest of each member in the Consortium, its Affiliate (only in case IB is taking benefit of financial strength of such Affiliate) (if applicable).

5) Nature of business carried out/ products dealt with by the IB/ each member of the Consortium and Affiliate (only in case IB is taking

benefit of financial strength of such Affiliate) and a profile containing information on the IB/ each member of the Consortium's operations and Affiliate (only in case IB is taking benefit of financial strength of such Affiliate).

6) Salient features of financial performance for the last three years

7) The certificate of incorporation, memorandum and articles of association, certificate of commencement of business, charter documents, or other constitution documents, i.e., partnership deed etc., as may be applicable and registration with SEBI for Funds/ relevant authority in the jurisdiction for Funds if applicable.

8) A certificate, for list of board of directors, principal shareholders or owners or equivalent, and key management personnel duly signed by the Authorized Signatory.

9) A certificate by statutory auditor (or in the event that the IB and Affiliate (only in case IB is taking benefit of financial strength of such Affiliate) do not have a statutory auditor, the person who has undertaken an audit of the IB (sole bidder or each member of Consortium, as applicable) and Affiliate (only in case IB is taking benefit of financial strength of such Affiliate) in the immediately preceding financial year) for the shareholding pattern/ ownership of IB (sole bidder or each member of Consortium, as applicable) and Affiliate (only in case IB is taking benefit of financial strength of such Affiliate).The certificate should be counter signed by the Authorised Signatory.

10) Basis of eligibility for participation in the Bid Process (Please mention details of eligibility) as under:

    a) A certificate duly signed by the Authorised Signatory of IB (sole bidder or each member of Consortium, as applicable) or Affiliate (only in case IB is taking benefit of financial strength of such Affiliate), stating the IB's eligibility to participate in the Proposed Transaction in terms of clause _____ of IB's memorandum and articles of association/_____ name of constitution document, viz., partnership deed etc. as may be applicable (specific reference to the said provision may be drawn).

    b) Additionally, please provide Certificate by statutory auditor (or in the event that the IB does not have a statutory auditor, the person who has undertaken an audit, in immediately preceding financial year, of the IB (sole bidder or each member of Consortium, as applicable); or in the event the IB a natural person, certificate from the chartered accountant practising in India and registered with Institute of Chartered Accountants of India), certifying the Net Worth/ACI, as defined in the Eligibility Criteria, of the IB (sole bidder or each member of Consortium, as applicable) and also specifying that the methodology

adopted for calculating such items conforms to the provisions mentioned in this PIM (as per Annexure 16, Annexure 16 A, Annexure 16 C).

c) Additionally, in case of IB taking benefit of financial strength of its Affiliate, please provide a certificate from statutory auditor of the Affiliate (or in the event that the Affiliate does not have a statutory auditor, the person who has undertaken an audit of the Affiliate in the immediately preceding financial year; or in the event the Affiliate is a natural person, certificate from the chartered accountant practising in India and registered with Institute of Chartered Accountants of India) certifying the Net Worth/ACI, as defined in the Eligibility Criteria, and also specifying that the methodology adopted for calculating such items conforms to the provisions mentioned in this PIM (as per Annexure 16 C).

d) In case of bids by employees of the Company, please submit a single certificate from a chartered accountant practicing in India and registered with Institute of Chartered Accountants of India, containing the names and Net Worth of each of the participating employees. The same should not be older than 3 months from the EOI Deadline (as per Annexure 16A).

11) Audited Financial Statements (on standalone and consolidated basis)/Annual Reports for the previous 3 (three) financial years for the IB (sole bidder or each of the Consortium members, as applicable) and Affiliate (only in case IB is taking benefit of financial strength of such Affiliate). In case some members of the Consortium were incorporated less than three years ago, then three years financial statement of the Lead Member of the Consortium and largest shareholder in Consortium shall be provided. If unlisted company/companies or any other entities are members of the Consortium/or are Affiliate(s) (only in case IB is taking benefit of financial strength of such Affiliate) and if audited financial statements are not available for the immediately preceding financial year, subject to compliance with all applicable laws, then available audited financial statement(s) shall be provided along with the latest available unaudited/provisional numbers as certified by the statutory auditors (or in the event that the IB/or the Affiliate (only in case IB is taking benefit of financial strength of such Affiliate) do not have a statutory auditor, the person who has undertaken an audit of the IB/ or the Affiliate (only in case IB is taking benefit of financial strength of such Affiliate) in the immediately preceding financial year).

For Funds, the latest statutory auditor's certificate (or such other certificate as filed with the regulator in the relevant jurisdiction) not older than 3 months (showing their ACI) prior to the EOI Deadline shall also be submitted

For listed companies, in case the audited financial statements are not available for the immediately preceding financial year, the information contained in quarterly limited review report is to be given.

In case the IB/ any member of the Consortium or Affiliate (only in case IB is taking benefit of financial strength of such Affiliate) cannot submit the consolidated financial statements as mentioned above, it shall specify reasons for the same.

All financial statements/ annual reports/ certificates submitted should be certified by Authorized Signatory.

12) Provide the extract of the charter documents and documents such as a board or shareholders' resolution in favour of the person executing the Power of Attorney as per Annexure 7 for the delegation of power on behalf of the IB, the Affiliate (only in case IB is taking benefit of financial strength of such Affiliate) to the Authorised Signatory (and Lead Member in case of Consortium).

E. **Management Organization:**

1) An overview of IBs' (sole bidder or each member of the Consortium, as applicable) and Affiliate's (only in case IB is taking benefit of financial strength of such Affiliate) senior management and organization structure certified by the Authorised Signatory.

2) IB (sole bidder or each member of Consortium, as applicable) and Affiliate (only in case IB is taking benefit of financial strength of such Affiliate) shall provide details on (a) the Ultimate Beneficial Owner, and (b) Effective Place of Management of the business.

F. **International Operations/ Joint Ventures/ Alliances:**

Brief note of IB's (sole bidder or each member of Consortium, as applicable) and Affiliate's (only in case IB is taking benefit of financial strength of such Affiliate) international operations, joint ventures, alliances, (whether international or domestic), including incorporation details, registered office, effective management and control, nature and size of such operations, equity ownership, if applicable, copies of the audited financial statements of immediately preceding financial year for such entities.

G. **Professional Advisors:**

Please provide names and addresses of those companies and professional firms, if any, who are (or will be) advising the IB (sole bidder or any member of Consortium, as applicable) for the Proposed Transaction, together with the names of the principal individual advisors at those companies and firms. If such advisors have not been appointed as on the date of submission of the EOI, the aforesaid details may be updated as and when appointed.

H. **Outstanding Litigation/ Contingent Liability:**

1. IB (sole bidder or each member of Consortium, as applicable) and Affiliate (only in case IB is taking benefit of financial strength of such Affiliate) must provide with the EOI list of all the outstanding litigation along with certificate that as per IB's and Affiliate's (only in case IB is taking benefit of financial strength of such Affiliate) assessment, likely outcome of outstanding litigations against such IB, its Associate ,Controlling Shareholder(s) (or partners in case the IB or Affiliate includes a LLP) and Affiliate (only in case IB is taking benefit of financial strength of such Affiliate), shall not have any impact on IB's capability to (a) participate in the Bid Process (b) undertake and consummate the Proposed Transaction and impact IB's qualification in terms of the Eligibility Criteria.
2. IB (sole bidder or each member of Consortium, as applicable) must provide with the EOI a List of all the contingent liabilities along with certificate that as per IB's assessment, likely outcome of contingent liabilities of such IB, its Associate and Controlling Shareholder(s) (or partners in case the IB or Affiliate includes a LLP) and Affiliate (only in case IB is taking benefit of financial strength of such Affiliate), shall not impact on IB's capability to (a) participate in the Bid Process (b) undertake and consummate the Proposed Transaction and impact IB's qualification in terms of the Eligibility Criteria - Annexure 18

I. **Foreign Direct Investment (FDI) Restrictions:**

If the IB is a foreign entity/ overseas corporate body, specify list of statutory approvals from the GOI/ the RBI/ the DIPP/ relevant ministry/ any other Government agency applied for/ to be obtained/ awaited. The responsibility for obtaining such approvals shall be with the IB.

We agree that any capitalised term not defined in this letter, but defined in the PIM, shall have the same meanings as ascribed to it in the PIM.

Yours sincerely,

For and on behalf of: (name of the sole bidder or each member of Consortium, as applicable)

Signature: (Authorised Signatory of sole bidder or each member of Consortium, as applicable)

Name of the Person: *●+

Designation: *●+

Place:

Date:

1. *Please follow the order adopted in the Format provided. If a particular question/ request is not applicable for Interested Bidder the relevant number must be nonetheless be set out with the words "Not applicable" against it.*
2. *The letter should also be counter signed by Authorised Signatory of Lead Member, in case of Consortium.*
3. *The letter should also be counter signed by Authorised Signatory of Affiliate* (only in case IB is taking benefit of financial strength of such Affiliate)

ANNEXURE 7: POWER OF ATTORNEY

(To be provided by Interested Bidder (sole bidder/members of the Consortium) and Affiliate only in case IB is taking benefit of financial strength of such Affiliate)

(To be appropriately stamped on non-judicial stamp paper of appropriate value as per Stamp Act relevant to place of execution and notarized (or apostilled, as relevant)

Power of Attorney for signing of EOI

To all to whom these presents shall come, We [●] (name of the entity) having our registered office at _____ (address of the registered office) do hereby exclusively, unconditionally and irrevocably constitute, nominate, appoint and authorize Mr./Ms. (name), [●]son/daughter/wife of [●] and presently residing at [●], who is presently employed with us/ the Lead Member of our Consortium and holding the position of [●], as our true and lawful attorney (hereinafter referred to as the "**Authorised Signatory**") in our name and on our behalf, to do, execute, and perform all such acts, agreements (with or without any amendments or modifications), deeds, matters and things as are necessary or required in connection with or incidental to submission of our application for qualification for the Proposed Transaction including but not limited to signing and submission of EOI, affidavits, bids, and other documents and writings, as may be required from time to time, participation in conferences (if any) and providing information/ responses to GOI/TA, representing us in all matters before GOI/TA and generally dealing with GOI/TA/Company in all matters in connection with or relating to or arising out of our EOI.

AND we hereby agree to ratify and confirm and do hereby ratify and confirm all acts, deeds and things done or caused to be done by the Authorised Signatory pursuant to and in exercise of the powers conferred by this Power of Attorney and that all acts, deeds and things done by the Authorised Signatory in exercise of the powers hereby conferred shall and shall always be deemed to have been done by us concerning or touching these presents as fully and effectually as if we were present and had done, performed or executed the same ourselves.

All the terms used herein but defined shall have the meaning ascribed to such terms in the Preliminary Information Memorandum inviting applications for the strategic disinvestment of AI by way of the transfer of management control and sale of 100% equity share capital of AI held by GOI, which will include AI's shareholding interest of 100% in the AIXL and 50% in AISATS.

IN WITNESS WHEREOF WE [●] THE ABOVE NAMED PRINCIPAL HAVE EXECUTED THIS POWER OF ATTORNEY ON THIS [●] DAY OF [●] AT [●].

(Signature, name, designation and address)

In the presence of:

1.

2.

Accepted

(Signature, Name, Title and Address of the Authorised Signatory)

(To be duly notarized (or apostilled, as relevant))

Date

1. *Capitalised terms not defined here, but defined in the PIM, shall have the same meanings as ascribed to it in the PIM.*

2. *For the purpose of this POA "AI" referred is to "Air India limited."*

3. *The form should also be counter signed by Authorised Signatory of Lead Member.*

4. *The mode of execution of the Power of Attorney should be in accordance with the procedure, if any, laid down by the applicable law and the charter documents of the executant(s) and when it is so required, the same should be under common seal affixed in accordance with the required procedure.*

5. *Wherever required, the IB should submit for verification the extract of the charter documents and documents such as a board or shareholders' resolution/ power of attorney in favor of the person executing this Power of Attorney for the delegation of power hereunder on behalf of the IB.*

6. *For a Power of Attorney issued overseas, instead of notarization, the document should either carry a conforming Apostle certificate or it should be legalized by applicable procedure in respective jurisdiction for submission in India, before submission. Also, the document shall be stamped by the local authority in India with appropriate stamp duty paid, before submission, in any event within the specified timeframe as per applicable laws.*

ANNEXURE 8: FORMAT FOR CONSORTIUM AGREEMENT

(To be appropriately stamped on non-judicial stamp paper of appropriate value as per Stamp Act relevant to place of execution and notarized (or apostilled, as relevant))

THIS Consortium Agreement ("**Agreement**") executed on this_____ day of _____Two thousand_____ between

1. M/s _____ **[insert name of Lead Member]** _____ a _____ [incorporated] under the laws of _____ and having its Registered Office at _____ (hereinafter called the **"Member-1"** or "**Lead Member**", which expression shall include its successors, executors and permitted assigns);

2. M/s _____ a _____ [incorporated] under the laws of _____ and having its Registered Office at _____ (hereinafter called the "**Member-2**", which expression shall include its successors, executors and permitted assigns);

3. M/s _____ a _____ [incorporated] under the laws of _____ and having its Registered Office at _____ (hereinafter called the "**Member-3**", which expression shall include its successors, executors and permitted assigns);

for the purpose of submitting the EOI pursuant to the Advertisement dated [●] (**"Advertisement")** and Preliminary Information Memorandum **("PIM")** issued by the Ministry of Civil Aviation, Government of India, inviting applications for participation in the strategic disinvestment of AI by way of the transfer of management control and sale of 100% equity share capital of AI held by GOI, which will include AI's shareholding interest of 100% in AIXL and 50% in AISATS ("**Proposed Transaction")**.

WHEREAS, each Member individually shall be referred to as the "**Member**" and all of the Members shall be collectively referred to as the "**Members"** in this Agreement.

WHEREAS, the instructions for submitting EOI as per PIM stipulates that in case EOI is being submitted by a Consortium, the members of the Consortium will have to submit a legally enforceable Consortium Agreement in a format specified by GOI.

All the terms used in capitals in this Agreement but not defined herein shall have the meaning as set out under the PIM.

NOW THEREFORE, THIS AGREEMENT WITNESSTH AS UNDER:

In consideration of the above premises and mutual covenants and agreements, all the Members in this Consortium do hereby mutually agree as follows:

1. We, the Members of the Consortium and parties to the Agreement do hereby unequivocally agree that Member-1 (M/s_____), shall act as the Lead Member as defined in the PIM for and on behalf of Member-2, _____ , and Member-3, _____ , and to submit the EOI;

2. We have formed consortium comprising of ____members as follows:

    1. _____(Insert name)/% of interest and financial contribution in the Consortium

    2. _____(Insert name)/% of interest and financial contribution in the Consortium

    3. _____(Insert name)/% of interest and financial contribution in the Consortium

3. The Lead Member is hereby authorized by the Members of the Consortium and Members to the Agreement to bind the Consortium and receive instructions for and on their behalf.

4. The Lead Member shall be liable and responsible for ensuring the individual and collective commitment of each of the Members of the Consortium in discharging all of their respective obligations in relation to the Proposed Transaction, including the obligations set out in the PIM. Each Member further undertakes to be individually liable for the performance of its part of the obligations without in any way limiting the scope of collective liability of the Members as envisaged in this Agreement.

5. Each Member agrees that after the submission of the EOI, there shall be no change to the composition of the Consortium, and that any change prior to the EOI Deadline is permissible by withdrawing the EOI and submitting a fresh EOI before the EOI Deadline. The provisions of Clause 12.1 of the PIM shall apply in this regard.

6. Each Member undertakes and confirms that the members of the Consortium shall incorporate a special purpose vehicle (in the form of a company) ("**SPV**") in India and under the laws of India, once selected as the Confirmed Selected Bidder (as defined in the PIM). The shareholding of each Member of the Consortium in the SPV shall be the same as its interest in the Consortium as set out in Clause 2 above (subject to clause 12.1 of the PIM).

7. The Members agree that the entire shareholding of each Member in the SPV shall be locked-in for a period of 1 (one) year after the closing of the Proposed Transaction, as required under Clause 12.2 of the PIM.

8. The Members agree that there shall be no change in the management control of each Member of the Consortium for a period of one (1) year after the

closing of the Proposed Transaction, as required under Clause 12.2 of the PIM.

9. Each member undertakes and confirms that in case any member is taking benefit of financial strength of its Affiliate, the Affiliate shall be required to abide by the conditions set out as per clause 12.2 of the PIM in the event we are finally selected to enter into definitive documents as per the RFP of the Proposed Transaction. (Kindly remove if not applicable).

10. Each Member of the Consortium, jointly and severally, irrevocably and unconditionally guarantees to the GOI that they and the SPV shall abide by the conditions set out as per clause 12.7 of the PIM.

11. In the event that the Consortium is the Confirmed Selected Bidder, each Member shall ensure that the business of the Companies is continued on a going-concern basis, as required by Clause 12.4 of the PIM

12. The Lead Member, on behalf of the Consortium, shall inter alia undertake full responsibility for liaising with any authority or persons as required.

13. Without prejudice to Clause 4 of this Agreement, in case of any breach of commitments or obligations by any of the Members under (i) the PIM, EOI, RFP or any other documents relating to the Proposed Transaction, (ii) this Agreement, (iii) or any definitive documents entered into pursuant to the Proposed Transaction, the Consortium members shall be liable for the consequences thereof.

14. Except as specified in the Agreement, it is agreed that sharing of responsibilities as aforesaid shall not in any way be a limitation of responsibility of the Consortium members under this Agreement.

15. Without prejudice to Clause 4 of this Agreement, the Consortium members shall be liable for the obligations and acts and deeds of the Consortium, irrespective of its scope of work or financial commitments.

16. This Agreement shall be construed and interpreted in accordance with the Laws of India and courts at New Delhi alone shall have exclusive jurisdiction in all matters relating thereto and arising thereunder (to the exclusion of all other courts).

17. It is further expressly agreed that the Agreement shall be irrevocable and shall remain valid and in effect during the term of the definitive agreements entered into pursuant to the Proposed Transaction. If the Consortium does not become the Confirmed Selected Bidder, the Parties may terminate this Agreement at their discretion. Any other expiration or early revocation/termination of this Agreement shall require the express prior written consent of the GOI.

18. Without prejudice to Clause 4 of this Agreement, the Lead Member is authorized and shall be fully responsible for the accuracy and veracity of the

representations and information submitted by the Members respectively from time to time in EOI.

19. It is hereby expressly understood between the Members that no Member at any given point of time, may assign or delegate or transfer their respective rights, duties or obligations under the PIM and/or EOI except with prior written consent of GOI.

20. This Agreement

(i) has been duly executed and delivered on behalf of each Member hereto and constitutes the legal, valid, binding and enforceable obligation of each such Member;

(ii) sets forth the entire understanding of the Members hereto with respect to the subject matter hereof; and

(iii) may not be amended or modified except in writing signed by each of the Members and with prior written consent of GOI.

IN WITNESS WHEREOF, the Members have, through their Authorized Signatories, executed these presents on the Day, Month and Year first mentioned above.

For M/s _____ **[Member 1 and Lead Member]**

_____ (Signature, Name & Designation of the Authorised Signatory)

Witnesses:

(i) Signature _____

Name:

Address:

(ii) Signature _____

Name:

Address:

For M/s _____ **[Member 2]**

_____ (Signature, Name & Designation of the Authorised Signatory)

Witnesses:

(i) Signature _____

Name:

Address:

(ii) Signature _____

Name:

Address:

For M/s _____ **[Member 3]**

_____ (Signature, Name & Designation of the Authorised Signatory)

Witnesses:

(i) Signature _____

Name:

Address:

(ii) Signature _____

Name:

Address:

_____

[Signature and stamp of Notary of the place of execution]

1. *The mode of execution of the Consortium Agreement should be in accordance with the procedure, if any, laid down by the applicable law and the charter documents of the executant(s) and when it is so required, the same should be under common seal affixed in accordance with the required procedure.*

2. *For a Consortium Agreement executed and issued overseas, instead of notarization, the document should either carry a conforming Apostle certificate or it should be legalized by applicable procedure in respective jurisdiction for submission in India, before submission. Also, the document shall be stamped by the local authority in India with appropriate stamp duty paid, before submission, in any event within the specified timeframe as per applicable laws.*

3. *Capitalised terms not defined in this annexure, but defined in the PIM, shall have the same meanings as ascribed to it in the PIM.*

4. *For the purpose of this agreement "AI" referred is to "Air India limited."*

ANNEXURE 9: CONFIDENTIALITY UNDERTAKING

(To be appropriately stamped on non-judicial stamp paper of appropriate value as per Stamp Act relevant to place of execution and notarized (or apostilled, as relevant))

DEED OF CONFIDENTIALITY UNDERTAKING

This DEED OF **CONFIDENTIALITY UNDERTAKING** ("**Undertaking**") is made on this

[●] day of [●], 2020.

BY

In case of sole bidder

[

[●] (*insert name of the Interested Bidder***),** a private limited company, public limited company, limited liability partnership, body corporate or Fund registered or incorporated under the laws of _____ **(**insert name of the country**),** with its registered office

at_____ _____ **(Insert address)** (the "**Interested Bidder**" or '**IB**' or **'Bidder'**, which expression shall include its successors, executors and permitted assigns);

]

OR (In case of Consortium)

[

_____ [insert name of Lead Member] _____ a private limited company, public limited company, limited liability partnership, body corporate or Fund registered or incorporated under the laws of _____ and having its Registered Office at _____ (hereinafter called the **"Member-1",** which expression shall include its successors, executors and permitted assigns);

M/s _____ a private limited company, public limited company, limited liability partnership, body corporate or Fund registered or incorporated under the laws of _____ and having its Registered Office at _____ (hereinafter called the "**Member-2**", which expression shall include its successors, executors and permitted assigns);

M/s _____ private limited company, public limited company, limited liability partnership, body corporate or Fund registered or

incorporated under the laws of _____ and having its Registered Office at _____ (hereinafter called the "**Member-3**", which expression shall include its successors, executors and permitted assigns); and

]

IN FAVOUR OF:

The President of India, represented by and acting through Joint Secretary of the Ministry of Civil Aviation (the "Administrative Ministry ");

AND

Air India Limited, a company incorporated under the Companies Act, 1956 bearing corporate identification number ----------, having its registered office at ----------, ("**AI**" or the ,"**Company**", which expression shall include its successors, executors and permitted assigns),

AND

EY LLP India, whose registered office is, 22, Camac Street Block 'C', 3rd Floor Kolkata West Bengal – 700 016, India (hereafter referred to as the **"Transaction Advisor",** which expression shall include its successors, executors and permitted assigns**),**

AND

Cyril Amarchand Mangaldas, whose registered office is Unit 501, Peninsula Chambers, Peninsula Corporate Park, Ganpatrao Kadam Marg, Lower Parel Mumbai - 400 013, India (hereafter referred to as the **"Legal Advisor",** which expression shall include its successors, executors and permitted assigns**),**

AND

RBSA Valuation Advisors LLP, whose registered office is 912, Venus Atlantis Corporate Park, Anand Nagar Main Road, Prahaladnagar, Ahmedabad - 380015, India (hereafter referred to as the **"Asset Valuer",** which expression shall include its successors, executors and permitted assigns**).**

WHEREAS:

A. The Bidder [along with Consortium Members] (as defined hereinafter) has submitted an expression of interest pursuant to advertisement dated [●] and Preliminary Information Memorandum ("**PIM**") inviting applications for the Strategic disinvestment of Air India Limited ("AI") by way of the transfer of management control and sale of 100% equity share capital of AI held by Government of India ('**GOI**' / '**Government**'), which will include AI's shareholding interest of 100% in the AIXL and 50% in AISATS (the "**Proposed Transaction**"); and

B. The IB has submitted fee in terms of the PIM to gain access to the Confidential Information (as defined hereinafter) and the Virtual Data Room ("**VDR**") which inter alia includes the draft share purchase agreement; and

C. In the context of the IB's interest in the Proposed Transaction, the Disclosing Party (as defined below) may disclose Confidential Information (as defined hereinafter) to the Receiving Party (as defined hereinafter) to enable the IB to evaluate the Proposed Transaction.

NOW, THEREFORE, in consideration for receiving the Confidential Information, the IB hereby executes this Undertaking and undertakes, represents, warrants, covenants and agrees to the terms and conditions contained herein:

1. In this Undertaking (including the recitals);

"**Advisors**" means, collectively, M/s. EY LLP India (TA), M/s. Cyril Amarchand Mangaldas (LA), M/s. RBSA Valuation Advisors LLP (Asset Valuer)

--------.

"Confidential Information" means and includes any and all facts, knowledge, information, documents and materials whether written or otherwise, concerning the business, operations, prospects, finances, or other affairs of the Company, its affiliates, associates, joint ventures or subsidiaries ("**AI Entities**") (which includes, without limitation, documents delivered in connection with due diligence, investigation, information relating to the existing business of the AI Entities and new businesses (if any) proposed to be undertaken by the AI Entities, market and company-specific data, agreements related to its business including know-how and technology agreements, agreements relating to licence to use intellectual property rights, graphs, drawing, past, current, and planned research and development, past, current and planned marketing or distribution methods and processes, customer lists, past, current and anticipated customer requirements, price lists and other end-user pricing related information, market studies, computer software and programs, database technologies, systems structures and architectures, historical financial statements and budgets, activities, products, specifications, data, know- how, compositions, designs, sketches, photographs, business plans, financial projections and budgets, historical, current and projected sales, capital spending budgets and plans, past, current or prospective financing sources, the names and backgrounds of personnel, personnel training techniques and materials, reports relating to the AI Entities' operations prepared by external consultants which are proprietary to the Company or the GOI or the Administrative Ministry), and any information memorandum /or draft /final offer document, request for proposal, drafts of shareholders and share purchase agreements or other definitive documents entered in relation to the Proposed Transaction, howsoever documented, that has been or may hereafter be provided or shown to the Receiving Party by the Disclosing Party or is otherwise obtained from review of the Disclosing Party's documents or property or discussions with the Disclosing Party by the Receiving Party irrespective of the form of

the communication, or whether such information was marked as confidential or not, and also includes all notes, analyses, compilations, studies, summaries, and other material prepared by the Receiving Party containing or based, in whole or in part, on any information included in the foregoing.

Notwithstanding the foregoing, the following information will not constitute "Confidential Information" for purposes of this Undertaking:

(a) Information which the Receiving Party can prove was already in the possession of the Receiving Party and was available to the Receiving Party on a non-confidential basis prior to its disclosure to the Receiving Party by the Disclosing Party and without breach of any confidentiality obligation;

(b) Information which is obtained by the Receiving Party from a third Person who, insofar as is known to the Receiving Party, is not prohibited from disclosing the information to the Receiving Party under a contractual, legal or fiduciary obligation to the Disclosing Party; and

(c) Information which is or becomes generally available to the public otherwise than as a result of a breach of this Undertaking by the Receiving Party.

The decision of the Government and/or the Company on whether any information qualifies within the exceptions in (a), (b) and (c) above shall be final, conclusive and binding.

“Consortium” means all Consortium Members intending to directly or indirectly participate in the Proposed Transaction.

"**Consortium Members**" means the members of any existing consortium or future consortium, formed for purposes of the Proposed Transaction in accordance with the terms of the PIM.

"**Disclosing Party**" means the Advisors, the Company, the Administrative Ministry, the GOI, any other Governmental Authority and/or their respective Representatives, whether jointly or severally.

"**Governmental Authority"** means any governmental or regulatory authority, government ministry or department in India or other rule or regulation making entity having jurisdiction or acting on behalf of the Republic of India or any political subdivision thereof.

"**Person**" means any individual, company (including the Company and the Advisors), firm, association, trust, or any other organization or entity (including the Government and any governmental or political subdivision).

"**Receiving Party**" means the Bidder, Consortium Members and/or their respective Representatives, whether jointly or severally.

"**Representative(s)**" of any Person includes the directors, officers, employees, agents, consultants, advisors, lenders for financing of this

Proposed Transaction or other representatives, including legal counsel, accountants and financial advisors of such Person and also includes the Representatives of the Representatives of any Person.

Any capitalised term not defined herein, but defined in the PIM, shall have the same meanings as ascribed to it in the PIM.

2. The Confidential Information disclosed by the Disclosing Party to the Receiving Party, or acquired by the Receiving Party in the course of any studies conducted by the Receiving Party, will be received and treated by the Receiving Party as strictly confidential, subject to its obligations contained herein, and the Receiving Party shall not misuse any information disclosed. Further, the Receiving Party shall not, without the Company's as well as the Government's prior written consent or as expressly permitted herein, directly or indirectly disclose to any other Person, or use or allow others to disclose or use, the Confidential Information.

3. The Receiving Party will use the Confidential Information only to evaluate the Proposed Transaction and to decide whether or not the Bidder/Consortium wishes to proceed with the Proposed Transaction and not for any purpose other than the Proposed Transaction and the Receiving Party will not directly or indirectly use the Confidential Information for any other purpose or in any way detrimental to the Disclosing Party.

4. In consideration of the Disclosing Party providing the Receiving Party with Confidential Information, by the Bidder's/Consortium's execution of this Undertaking, the Bidder/Consortium, for itself and on behalf of all other Receiving Party, agrees that all of the Confidential Information shall be held and treated by the Receiving Party in strict confidence. The Bidder/Consortium agrees that before accessing the Confidential Information, it shall provide to the TA the list of its Representative(s), to whom the Bidder/Consortium will disclose the Confidential Information. The Bidder/Consortium agrees (a) to disclose Confidential Information only to Consortium Members and/or those of its Representatives and/or those Representatives of Consortium Members who need to know the Confidential Information for the purposes of evaluation of the Proposed Transaction and each such Consortium Member or Representative of the Bidder or Representative of Consortium Member will be informed and advised in writing by the Bidder of the confidential nature of such information and the contents of and the obligations under this Undertaking and (b) to satisfy itself that each such Consortium Member and/or Representative of the Bidder and/or Representative of Consortium Member will hold and treat the Confidential Information in confidence and act in accordance therewith. The Bidder/Consortium agrees that the Confidential Information shall not, without the Company's as well as the Government's prior written consent, be disclosed by the Bidder and/or each such Consortium Member and/or Representative of the Bidder and/or Representative of Consortium Member, in any manner whatsoever, in whole or in part, to any third Person, and shall not be used by the Bidder or each such Consortium Member or Representative of the Bidder or Representative of Consortium Member other than in connection with an evaluation of the Proposed Transaction.

The Bidder/Consortium recognises and acknowledges the competitive value and confidential nature of the Confidential Information and the possible resultant impact to the Company and the Government if the Confidential Information is disclosed or allowed to be disclosed to an unauthorised party or used for any purpose other than evaluating the Proposed Transaction. The Bidder/ Consortium acknowledges and agrees that it is imperative that all Confidential Information remains confidential.

The Bidder/Consortium, before disclosing any of the Confidential Information to any Consortium Member(s), shall ensure that such Consortium Member(s), has already executed and furnished to the Advisors, a written undertaking identical in form and content as this Confidentiality Undertaking in favour of the Government, the Company and the Advisors. The Bidders and/or Consortium Members, before disclosing any of the Confidential Information to any of its Representative(s) and /or Representatives of the Consortium Members, as the case may be, shall ensure that its Representative(s) / Representatives of the Consortium Members, as the case may be, have read and understood this Undertaking and have agreed in writing to be bound by the terms and conditions contained herein. The Bidder/Consortium shall ensure that in case of a new Consortium Member, a written undertaking identical in form and content as this Confidentiality Undertaking, shall be executed and furnished to the Advisors within 7 (seven) days of it becoming a Consortium Member.

Notwithstanding any agreement or undertaking, the Bidder/Consortium agrees that it shall continue to be responsible and liable for any breach of this Undertaking even though the same is caused by any act or omission of any Representative of the Bidder and/or the Representative of Consortium Member and shall indemnify and hold the Government , the Company, and the Advisors harmless (including provisions of Clause 6 and 16 set forth herein) from any breach of this Undertaking or consequences and claims arising therefrom. In case of Consortium, the Consortium Members agree that for the purpose of this Confidentiality Undertaking, the liability of the Consortium Member shall be joint and several with each of the Consortium Members.

5. Except as permitted by Clause 4 herein and except as expressly permitted by a definitive share purchase agreement, if any, entered into by the Bidder, the Consortium Members and/or any company formed and promoted by them for the acquisition of equity shares of the Company, the Receiving Party will not directly or indirectly disclose to any Person (including another prospective purchaser who has been provided Confidential Information) the fact that the Confidential Information has been made available to the Receiving Party or that the Receiving Party has inspected any portion of the Confidential Information. Except with the prior written consent of the Company and the Government, and except as expressly permitted by such definitive share purchase agreement, the Receiving Party will not directly or indirectly disclose to any Person the fact that any discussions or negotiations are taking place concerning the Proposed Transaction, including the status and content of such discussions or negotiations.

6. On acquiring the Confidential Information on the terms stated in this Undertaking or otherwise, the Receiving Party shall comply with all applicable law, and the Bidder/Consortium Members hereby jointly and severally indemnifies and agrees to hold the Advisors, the Administrative Ministry, the Government and the Company indemnified and harmless (without prejudice to Clause 16 set forth below) against all and any consequences arising from any violation by the Receiving Party of such applicable laws.

7. If the Receiving Party is requested or becomes legally compelled (by oral questions, summons, interrogatories, requests for information or documents, subpoena, civil `or criminal investigative demand, or similar process) or is required by a Government Authority and/or regulatory body (including any self-regulated organisation) to make any disclosure that is prohibited or otherwise constrained by this Undertaking or any similar undertaking or agreement, the Receiving Party will provide the Advisors, the Government and the Company with prompt written notice of such request so that the Advisors, the Government or the Company may seek an appropriate injunction, protective order or other appropriate remedy. Subject to the foregoing, the Receiving Party may furnish that portion (and only that portion) of the Confidential Information that, in the written opinion of the Receiving Party 's legal counsel (reasonably acceptable to the Advisors, the Government and the Company), the Receiving Party is legally compelled or is otherwise legally required to disclose or else stand liable for contempt or suffer other material censure or material penalty; provided, however, that the Receiving Party must use best efforts to obtain reliable assurance that confidential treatment will be accorded to any Confidential Information so disclosed.

8. The confidentiality obligations contained in this Undertaking may at the discretion of the Government, the Company and the Advisors, be amended, modified or superseded upon the Bidder and the Consortium Members and/or any company formed and promoted by them executing definitive agreements, but shall be without prejudice to any of the Advisors', the Government's or the Company's rights in respect of any breach of this Undertaking which may have occurred prior to such amendment, modification or supersession.

9. The Bidder/ Consortium Members agree(s) that the Government reserves the right, in its sole discretion to modify the process of the Proposed Transaction in any part and/or to vary any terms at any time without prior notice to the Bidder/ Consortium and/or to reject any or all proposals made by the Bidder/Consortium with regard to the Proposed Transaction.

10. The Government and/or the Company may elect at any time to terminate further access by the Receiving Party to any Confidential Information in connection with the Bidder's/ Consortium's evaluation of the Proposed Transaction. After any such termination by the Government and/or the Company, or after the decision of the Bidder/ Consortium to not proceed with the Proposed Transaction as specified in Clause 8 above, (i) the Bidder/ Consortium (a) will promptly deliver to the concerned Disclosing Party, all Confidential Information including all documents or other materials furnished

by such Disclosing Party to the Receiving Party, together with all copies and summaries thereof in the possession or under the control of the Receiving Party, (b) will delete from the Receiving Party's computer systems all files, data or programmes constituting Confidential Information; and (c) will destroy materials generated by the Receiving Party that include or refer to any part of the Confidential Information, without retaining a copy of any such material or (ii) alternatively, if the Advisors, the Government or the Company request or give prior written consent to the Bidder's/ Consortium's request, the Bidder/Consortium will destroy or cause to be destroyed all Confidential Information (including deleting files, data or programmes from the computer systems) in the possession or under the control of the Receiving Party. Any destruction or return of Confidential Information and other materials pursuant to the foregoing must be confirmed by the Bidder/ Consortium in writing to each of the Advisors, the Government and the Company as being exhaustive, and such confirmation must include a list of the destroyed materials and returned materials. The Bidder/Consortium acknowledges that the return of the Confidential Information and the return or destruction of the Confidential Information pursuant to termination or otherwise shall not release the Receiving Party from its obligations under this Undertaking.

11. The Receiving Party shall not deal or communicate with any officer, director or employee of the Government or the Company regarding the business, operations, prospects or financing of the Company, without the Advisors' prior written consent. It is understood that the Advisors will arrange for appropriate contacts for due diligence purposes in connection with the Proposed Transaction. Unless otherwise agreed to by the Advisors in writing (i) all communications regarding any possible transaction, (ii) any requests for additional information, (iii) any requests for management meetings, and (iv) any queries regarding the Proposed Transaction, will be directed exclusively to the Advisors. However, if the Receiving Party is called upon by the Government and/or the Company for any discussions, the Receiving Party will do so or meet the Government and/or the Company only after duly informing the Advisors in writing.

12. The Government reserves the right, in its sole discretion, to reject any and all proposals made by the Receiving Party with regard to the Proposed Transaction and to terminate discussions and negotiations with the Receiving Party at any time. Without limiting the preceding sentence, nothing in this Undertaking (i) requires either the Bidder/Consortium or the Government to enter into the Proposed Transaction or to negotiate such Proposed Transaction for any specified period of time or (ii) requires the Advisors, the Government or the Company to enter into an agreement or an understanding, or prohibits the Advisors, the Government or the Company from entering into any agreement or understanding, for proceeding with the Proposed Transaction with any other Person.

13. For a period of 1 (one) year from the date of this Undertaking or till 6 (six) months from the date of closing of the Proposed Transaction, whichever is later, the Receiving Party shall not, directly or indirectly, solicit for employment or hire any employee of the Company.

14. The Receiving Party agrees that from the date of this Undertaking till the closing of the Proposed Transaction or as the case may be, till the time the Bidder and/or Consortium Members decide not to proceed with the Proposed Transaction or the Government terminates discussions and negotiations with the Receiving Party, whether pursuant to Clauses 8 or 9 or 10 or 11, whichever is earlier, the Receiving Party shall not, directly or indirectly, buy, sell, negotiate, or enter into any arrangements for the purchase and / or sale of any of the shares of the Company, or advise any other person directly or indirectly to buy, sell, negotiate or enter into any arrangements for purchase and / or sell any of the shares of the Company, or take any action or make any statement or announcement that may affect the price of the shares of the Company or which may affect the existing shareholding structure of the Company.

15. The Bidder/ Consortium understands, acknowledges and agrees that the Government, the Transaction Advisor and the Company retain the right to determine, in their sole discretion, the information that they wish to make available to the Receiving Party and the personnel through whom the same will be made available. Further, nothing in this Undertaking shall amount to or be construed as the Disclosing Party making any representations or warranties, express or implied, as to the accuracy and/or completeness of the Confidential Information and the Disclosing Party shall have no liability whatsoever to the Receiving Party resulting from the Bidder's/ Consortium use of the Confidential Information. The Bidder/ Consortium also agrees that if it determines to proceed with the Proposed Transaction, its determination will be solely based on the terms of the definitive agreements as well as on its own investigation, analysis and assessment of its investment. Moreover, unless and until such definitive agreements are entered into, neither the Government nor the Bidder/ Consortium will be under any legal obligation of any kind with respect to the Proposed Transaction except for the matters specifically agreed to in this Undertaking or in another written and duly executed definitive agreement.

16. The Bidder/ Consortium hereby indemnifies and agrees to hold the Advisors, the Administrative Ministry, the Government and the Company indemnified and harmless from all and any damages, losses, costs, or liabilities (including legal fees and the cost of enforcing this indemnity) arising out of or resulting from any unauthorized use or disclosure by any Receiving Party of the Confidential Information or other violation of this Undertaking (notwithstanding that a Receiving Party may not be party to this Undertaking) or of any similar undertaking or agreement. In addition, because an award of money damages (whether pursuant to the foregoing sentence or otherwise) would be inadequate for any breach of this Undertaking or any similar undertaking or agreement by the Receiving Party and any such breach would cause the Disclosing Party irreparable harm, the Bidder/ Consortium also agrees that, in the event of any breach or threatened breach of this Undertaking or such similar undertaking or agreement, the Advisors, the Government or the Company will also be entitled, without the requirement of posting a bond or other security, to equitable relief, including injunctive relief and specific performance. Such remedies will not be the exclusive remedies

for any breach of this Undertaking but will be in addition to all other remedies available at law or equity to the Advisors, the Government and/or the Company.

17. The Bidder/ Consortium understands, acknowledges, confirms and agrees that each of the Government, the Company and the Advisors are beneficiaries under this Undertaking. The Bidder/ Consortium further agrees and confirms that each of the Government, the Company and the Advisors, will be entitled to and may enforce, either individually or jointly, the obligations imposed on the Receiving Party under this Undertaking.

18. The Bidder/ Consortium agrees that no failure or delay by the Advisors/the Government / the Company in exercising any right, power or privilege hereunder will operate as a waiver thereof nor will any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any right, power or privilege hereto.

19. The terms of this Undertaking may be varied only with the Company's and the Government's prior written agreement. This Undertaking shall be effective as of the date first above given on the first page of this Undertaking and may be terminated only with the prior written consent of the Administrative Ministry.

20. This Undertaking shall be governed by and construed in accordance with the substantive laws of India without giving effect to its conflict of law principles

21. All notices required or permitted to be given hereunder shall be in writing and shall be valid and sufficient if dispatched by registered airmail, postage prepaid, or by telex, cable or facsimiles as follows.

If the notice is to the Government:

Attention of:

Ministry of Civil Aviation

If the notice is to the Advisors:

Transaction Advisor:

Mr. Kuljit Singh/ Mr. Sushi Shyamal Vemu
Ernst & Young LLP India (TA, acting on behalf of GoI)
3rd Floor, Worldmark-1,
IGI Airport Hospitality District, Aerocity,
New Delhi-110037, India

Legal Advisor:

Ms. Amita Katragadda
Cyril Amarchand Mangaldas (Legal Advisor for Strategic Sale)

4th Floor, Prius Platinum
D3-District Centre, Saket,
New Delhi-110017, India

Asset Valuer:

Mr. Arpit Sharma
RBSA Valuation Advisors LLP
9-C, 9th Floor, 'Hansalaya' Building,
15, Barakhamba Road, Connaught Place,
New Delhi-110001, India

If the notice is to the Company:

If the notice is to the Interested Bidder:

*●+

Any of the Bidder, the Government, the Company or the Advisors may change its address by a notice given to the other in the manner set forth above. All notices and other communications shall be deemed to have been duly given (i) on the expiry of seven days after posting, if transmitted by registered airmail or (ii) on the date immediately after the date of transmission with confirmed answer back if transmitted by telex, cable or facsimile whichever shall first occur.

IN WITNESS WHEREOF, this Undertaking has been executed by the Authorized Signatory of the sole bidder or each member in case of Consortium on the date and year first hereinabove written.

[

In case of sole bidder

For M/s _____

_____ (Signature, Name & Designation of the Authorised Signatory)

Witnesses:

Name:

Address:

]

[

In case of consortium

For M/s _____ **[Member 1 and Lead Member]**

_____ (Signature, Name & Designation of the Authorised Signatory)

Witnesses:

(iii) Signature _____

Name:

Address:

(iv) Signature _____

Name:

Address:

For M/s _____ **[Member 2]**

_____ (Signature, Name & Designation of the Authorised Signatory)

Witnesses:

(iii) Signature _____

Name:

Address:

(iv) Signature _____

Name:

Address:

For M/s _____ **[Member 3]**

_____ (Signature, Name & Designation of the Authorised Signatory)

Witnesses:

(i) Signature _____

Name:

Address:

(iii) Signature _____

Name:

Address:

]

1. *The mode of execution of the Confidentiality Undertaking should be in accordance with the procedure, if any, laid down by the applicable law and the charter documents of the executant(s) and when it is so required, the same should be under common seal affixed in accordance with the required procedure.*

2. *For a Confidentiality Undertaking executed and issued overseas, instead of notarization, the document should either carry a conforming Apostle certificate or it should be legalized by applicable procedure in respective jurisdiction for*

submission in India, before submission. Also, the document shall be stamped by the local authority in India with appropriate stamp duty paid, before submission, in any event within the specified timeframe as per applicable laws.

3. *For the purpose of this undertaking "AI" referred is to "Air India limited."*

ANNEXURE 10: DEPARTMENT OF INVESTMENT AND PUBLIC ASSET MANAGEMENT (DIPAM) GUIDELINES

No. 3/9/2016-DoD-II-B

Government of India

Department of Investment & Public Asset Management

Block 14, CGO Complex

New Delhi

Dated 28th September, 2017

OFFICE MEMORANDUM

Sub: Guidelines for qualification of Bidders seeking to acquire stakes in Public Sector Enterprises through the process of disinvestment

Government has examined the issue of framing comprehensive and transparent guidelines defining the criteria for bidders interested in PSE-disinvestment so that the parties selected through competitive bidding could inspire public confidence. Earlier, criteria like Net Worth, experience etc. used to be prescribed. Based on experience and in consultation with concerned departments, Government has decided to prescribe the following additional criteria for the qualification / disqualification of the parties seeking to acquire stakes in public sector enterprises through disinvestment:

a) In regard to matters other than the security and integrity of the country, any conviction by a Court of Law or indictment / adverse order by a regulatory authority that casts a doubt on the ability of the bidder to manage the public sector unit when it is disinvested, or which relates to a grave offence would constitute disqualification. “Grave Offence” is defined to be of such a nature that it outrages the moral sense of the community. The decision in regard to the nature of the offence would be taken on case-to-case basis after considering the facts of the case and relevant legal principles, by the Government, Grave Offence would include the below noted cases:

   a. Only those orders of SEBI are to be treated as coming under the category of “Grave Offences” which directly relate to “Fraud” as defined in the SEBI Act and / or regulations.

   b. Only those orders of SEBI that cast a doubt on the ability of the bidder to manage the public-sector unit, when it is disinvested, are to be treated as adverse.

   c. Any conviction by Court of Law.

d. In cases in which SEBI also passes a prosecution order, disqualification of the bidder should arise only on conviction by the Court of Law.

b) In regard to matters relating to the security and integrity of the country, any charge-sheet by an agency of the Government / conviction by a Court of Law for an offence committed by the bidding party or its Associate Company as defined in Companies Act, 2013 would result in disqualification. The decision in regard to the relationship inter-se between the concerns, would be taken based on the relevant facts and after examining whether the two concerns are substantially controlled by the same person/persons.

c) In both (a) and (b), disqualification shall continue for a period that Government deems appropriate.

d) Any bidder, which is disqualified from participating in the disinvestment process, would not be allowed to remain associated with it or get associated merely because it has preferred an appeal against the order, based on which it has been disqualified. The mere pendency of appeal will have no effect on the disqualification.

e) The disqualification criteria would come into effect immediately and would apply to all bidders for various disinvestment transactions, which have not been completed as yet.

f) Before disqualifying a bidder, a Show Cause Notice as to why it should not be disqualified, would be issued to it and it would be given an opportunity to explain its position.

g) These criteria will be prescribed in the advertisements seeking Expression of Interest (EOI) from the interested parties. The interested parties would be required to provide the information on the above criteria, along with their Expressions of Interest (EOI). The bidders shall be required to provide with their EOI an undertaking to the effect that no investigation by a regulatory authority, which if decided against the bidder, may disqualify the bidder in terms of (a) & (b) above or the eligibility criteria prescribed in the EoI, is pending against them. In case any investigation is pending in case which if decided against the bidder, may disqualify the bidder in terms of (a) & (b) above on the eligibility criteria prescribed in EoI against the bidder or the concern in which the bidder has substantial interest or against its CEO or any of its Directors/Managers, full details of such investigation including the name of the investigating agency, the charge/offence for which the investigation has been launched, name and designation of persons against whom the investigation has been launched and other relevant information should be disclosed, to the satisfaction of the Government. For other criteria also, a similar undertaking shall be filed along with EOI. (sd/-)

(_____)

Under Secretary to the Government of India

ANNEXURE 11: DECLARATION IN RELATION TO STATEMENT OF LEGAL PROCEEDINGS

(To be provided on the letterhead of the sole bidder /each member of the Consortium submitting the EOI - duly verified by a notary and signed on each page by the Authorised Signatory of the IB and the Affiliate as applicable)

DECLARATION

1. We, [●] solemnly declare that we, our Affiliate (only in case IB is taking benefit of financial strength of such Affiliate) or our director(s), chief executive officer or principal officers are not convicted by any court of law or are indicted or have received any adverse order from any regulatory authority relating to a grave offence with regard to matters other than the security and integrity of the Republic of India.

   Grave offence for this purpose shall include:

   a) What constitutes 'Fraud' under the provisions of the Securities and Exchange Board of India Act, 1992 and any of the regulations, rules, circulars, notifications, etc. made thereunder;

   b) Securities and Exchange Board of India ("**SEBI**") orders on the Interested Bidder casting doubt on our ability to hold the stake in the Companies;

   c) Any conviction by a court of law;

   d) In case of SEBI's order of prosecution, disqualification will arise only on conviction by court of law.

2. We further declare that we or our Associates or Affiliate (only in case IB is taking benefit of financial strength of such Affiliate) have not been issued a charge sheet by any governmental authority or convicted by a court of law for any offence with regard to matters relating to the security and integrity of the country.

3. We further declare that we or our Affiliate (only in case IB is taking benefit of financial strength of such Affiliate) are not under any investigation pending before any regulatory authority or other authority.

4. We declare that complete information as required is provided in the EOI and Form A and/or Statement of Legal Capacity.

We agree that any capitalised term not defined in this letter, but defined in the PIM, shall have the same meanings as ascribed to it in the PIM.

Yours sincerely,

For and on behalf of: (name of the sole bidder /member of Consortium)

Signature: (Authorised Signatory)

Name of the Person: *●+

Designation: *●+

Place:

Date:

1. *In case any Interested Bidder is unable to give above undertaking in view of any conviction, indictment, order or investigation as above full details of the same shall be provided including names of persons involved, designation, charge/offence, ordering/investigating agency, status/outcome etc. with supporting/relevant documents. Any entity, which is disqualified from participating in the Proposed Transaction, shall not be allowed to remain associated with it or get associated merely because it has preferred an appeal against the order based on which it has been disqualified. The mere pendency of appeal will have no effect on the disqualification.*

2. *The letter should also be counter signed on each page by Authorised Signatory of the Lead Member and Affiliate (only in case IB is taking benefit of financial strength of such Affiliate))*

ANNEXURE 12: DECLARATION FOR SECURITY CLEARANCE

(On the letterhead of the sole bidder or each member of the Consortium submitting the EOI or Affiliate (only in case IB is taking benefit of financial strength of such Affiliate) - duly verified by a notary and signed on each page by the Authorised Signatory of the IB and the Affiliate as applicable)

DECLARATION

A. Details in respect of Interested Bidder (sole bidder or each member of Consortium) (Indian/Foreign) or Affiliate (only in case IB is taking benefit of financial strength of such Affiliate):

S. No.	Full name of the entity and its foreign collaborator, if any	Date of registration of the Interested Bidder	Address of head office, regional offices and registered office	Previous name of the entity, if any	Details of earlier approvals, if any (Reference no. and date)
1.					
2.					

B. **Details in respect of Directors or Equivalent Persons:**

S. No.	Full name of Board of Directors/or equivalent person	Present position held with date (since when)	Date of birth	Parentage Father/ mother	Present and permanent address	Present position held in the Interested Bidder,	Nationality	% of shares or other interest held in the Interested Bidder
1.								
2.								

C. Details of Shareholders/ Owners/ Partners, etc. of Interested Bidder (sole bidder or each member of Consortium) (all firms/ companies/ entities/ individuals having an interest of more than 5%):

S. No.	Full name	Parentage Father/ mother	Date of birth	Permanent Address	Present Address	Present position held in the Interested Bidder if any	Nationality (if holding dual nationality, both must be clearly mentioned)	% of shares or other interest held in the Interested Bidder

1.								
2.								

D. Details of criminal cases, if any, against the Interested Bidder (sole bidder or each member of Consortium)/Affiliate (only in case IB is taking benefit of financial strength of such Affiliate) (including against Director(s) or Equivalent Persons) as per the following format:

a) Name, address and registration number of the Interested Bidder (sole bidder or each member of Consortium) and Affiliate (only in case IB is taking benefit of financial strength of such Affiliate):

b) Name & address of owners, promoters and directors or equivalent persons of the company:

1) [●]

2) [●]

3) [●]

4) [●]

c) Is the applicant entity, owners, promoters or directors or equivalent persons listed above, the subject of any of the following:

1) Preventive detention proceedings (PSA/NSA etc.) [●] (Yes/No)

2) Criminal proceedings [●] (Yes/No)

d) If Yes, please provide following details:

1) Detention/Case/FIR/warrant number

2) Police station/District/Agency

3) Section of law

4) Name and place of the court

e) The above mentioned details are in respect of both India and any other foreign country.

Note: The above self-declaration is required to be filled and signed by the Authorized Signatory of the Interested Bidder (sole bidder or each member of Consortium) and Affiliate (only in case IB is taking benefit of financial strength of such Affiliate)

For and on behalf of: (name of the sole bidder or each member of Consortium and Affiliate (only in case IB is taking benefit of financial strength of such Affiliate)

Signature: (Authorised Signatory of the sole bidder or each member of Consortium and Affiliate (only in case IB is taking benefit of financial strength of such Affiliate))

Name of the Person: [●]

Designation: [●]

Date

1. *The Annexure should also be counter signed on each page by Authorised Signatory of Lead Member and Affiliate (only in case IB is taking benefit of financial strength of such Affiliate)*

2. *Any capitalised term not defined in this letter, but defined in the PIM, shall have the same meanings as ascribed to it in the PIM*

ANNEXURE 13: GUIDELINES FOR MANAGEMENT-EMPLOYEE BIDS IN STRATEGIC SALE

As per the Circular No. 4/38/2002/DD-II dated April 25, 2003 (**Employee Guidelines** '), employees of Air India Limited, Air India Express Limited and Air India – SATS Airport Services Private Limited **("Employees")** are permitted to participate in the Transaction as Interested Bidders either (a) directly and independently **("Direct Employee Participation")** or (b) by forming of a consortium **("Employee Consortium")** and subject to the following:

1. Employees participating either through Direct Employee Participation or by forming an Employee Consortium shall necessarily comply with each of the applicable conditions and provisions of the Employee Guidelines.

2. Employees participating either through Direct Employee Participation or by forming an Employee Consortium shall be subject to the same terms and conditions, process, instructions, criteria's, disqualifications, etc. which are applicable to other Interested Bidders in the PIM and shall ensure compliance of the same. In case of any conflict between the terms and conditions, process, instructions, criteria's, disqualifications, etc. and the Employee Guidelines, the Employee Guidelines shall apply.

3. Employees participating either through Direct Employee Participation or by forming an Employee Consortium shall be required to provide such additional documents, confirmation, undertakings and information as the TA may require so as to evaluate the EOI (including eligibility criteria) submitted by such Employees or Employee Consortium.

4. The GOI and TA may provide for such further clarifications, conditions, criteria's as it may deem necessary for the purposes of Employees to participate.

5. Subject to paragraph 7, the forms and format to be submitted by the Employees, in case in of Direct Employee Participation shall be the same as that of a sole/individual bidder mentioned in this document.

6. Subject to paragraph 7, the forms and format to be submitted by the Employees and Consortium members of Employee Consortium, in case of Employees Participating through an Employee Consortium, shall be the same as that of a Consortium IB.

7. In the forms and format, the details of the Interested Bidder shall be provided in the following format :

S. No.	Name of the Employee	Designation	Employee Code, if any	Residential Address	Identity proof (Aadhaar No. / Passport No.)	PAN and TAN

Each form and EOI submitted by Employees (whether as Direct Employee Participation or Employee Consortium) shall be accompanied by a duly executed Power of Attorney where Employees forming part of such participation shall appoint one participating Employee to be their lawful attorney for submission of EOI and connected documents and be the lawful attorney of the other participating Employee.

ANNEXURE 14: POWER OF ATTORNEY FOR EMPLOYEE PARTICIPATION

[TO BE STAMPED ON INR 1000 STAMP PAPER AND NOTARIZED (OR APOSTILLED, AS RELEVANT)]

Special Power of Attorney

To all to whom these presents shall come, I son/daughter/wife of _____ and presently residing at _____ being a presently employed with [•], having employee code [•] do hereby exclusively, unconditionally and irrevocably constitute, nominate, appoint and authorize Mr. /Ms. (name), _____son/daughter/wife of_____ and presently residing at - _____, who is presently employed with [•]

NOW KNOW YE MEN ALL AND THESE PRESENTS WITNESSETH

I, [•] **, do hereby** irrevocably nominate, constitute and appoint _____ as my true and lawful attorney (hereinafter referred to as the "Authorised Signatory") to do in my name and on my behalf, to do, execute, and perform all such acts, agreements, deeds, matters and things as are necessary or required in connection with or incidental to submission of our application for qualification for the proposed Strategic Disinvestment of shares held by the Government of India in Air India Limited including but not limited to signing and submission of all applications, participate in conferences, if any and providing information/ responses to GOI/TA and generally dealing with GOI/TA/Companies in all matters in connection with or relating to or arising out of our application for qualification for the Proposed Transaction (as defined in the Preliminary Information Memorandum dated [•] issued by the TA.

AND we hereby agree to ratify and confirm and do hereby ratify and confirm all acts, deeds and things done or caused to be done by the Authorised Signatory pursuant to and in exercise of the powers conferred by this Power of Attorney and that all acts, deeds and things done by the Authorised Signatory in exercise of the powers hereby conferred shall and shall always be deemed to have been done by us concerning or touching these presents as fully and effectually as if we were present and had done, performed or executed the same itself.

All the terms used herein but defined shall have the meaning ascribed to such terms in the PIM

IN WITNESS WHEREOF WE, _____ THE ABOVE NAMED PRINCIPAL HAVE EXECUTED THIS POWER OF ATTORNEY ON THIS_____DAY OF_____

(Signature, name, designation and address) In the presence of:

1. 2.

Accepted

Name, Title and Address of the Authorised Signatory) (To be duly notarized (or apostilled, as relevant))

1. *The mode of execution of the Power of Attorney should be in accordance with the procedure, if any, laid down by the applicable law and the charter documents of the executant(s) and when it is so required, the same should be under common seal affixed in accordance with the required procedure. The power of attorney shall be appropriately stamped and notarized (or apostilled, as relevant).*

2. *Wherever required, the Interested Bidder should submit for verification the extract of the charter documents and documents such as a board or shareholders' resolution/ power of attorney in favour of the person executing this Power of Attorney for the delegation of power hereunder on behalf of the Interested Bidder.*

3. *For a Power of Attorney executed and issued overseas, instead of notarization, the document should either carry a conforming Apostle certificate or it should be legalized by applicable procedure in respective jurisdiction for submission in India, before submission. Also, the document shall be stamped by the local authority in India with appropriate stamp duty paid, before submission, in any event within the specified timeframe as per applicable laws.*

ANNEXURE 15: DIPAM GUIDELINES FOR EMPLOYEES BIDS

No. 4/38/2002/DD-II

Government of India Ministry of Disinvestment

Block No.14, CGO Complex,
Lodi Road, New Delhi.
Dated: 25th April, 2003

OFFICE MEMORANDUM

Subject: - Guidelines for management-employee bids in strategic sale.

Employee participation and protection of employee interests is a key concern of the disinvestment process. The practice of reserving a portion of the equity to be disinvested for allocation to employees, at concessional prices, has been adopted in a number of cases. It is necessary and expedient to evolve and lay down guidelines to encourage and facilitate management-employee participation in the strategic sales and thus to acquire controlling stakes and manage disinvested public sector undertakings. The undersigned is directed to state that Government has, therefore, decided to lay down the following guidelines for evaluating employee/management bids:-

(i) The term 'employee' will include all permanent employees of a PSU and the whole time directors on the board of the PSU. A bid submitted by employees or a body of employees will be called an "employee bid'.

(ii) At least 15% of the total number of the employees in a PSU or 200 employees, whichever is lower, should participate in the bid.

(iii) An employee bid would be exempted from any minimum turn over criterion but will be required to qualify in terms of the prescribed Net Worth criterion. They will be required to follow the procedures prescribed for participation by Interested Parties in the process of strategic sale including, but not limited to, filing the expression of interest along with all details, as applicable to other investors, furnishing of bank guarantee for payment of the purchase price etc.

(iv) Employees can either bid directly and independently or, for the purpose of meeting the financial criteria like Net Worth, can form a consortium or bid through a joint venture (JV) or a special purpose vehicle (SPV), along with a bank, venture capitalist or a financial institution. However, employees will not be permitted to form consortia with other companies.

(v) If the bidding entity of the employees is a consortium, JV or SPV, employees must have a controlling stake and be in control of the bidding entity.

(vi) If the bid is submitted through a consortium, JV or SPV, employees must contribute at least 10% of the financial bid.

(vii) If the employees form a consortium, the consortium partners would be prohibited from submitting individual bids independently.

(viii) If it is not the highest bid, the employee bid shall be considered only if the said bid is within 10% of the highest bid.

(ix) The employee bid shall, subject to fulfilling the conditions above, have the first option for acquiring the shares under offer provided they match the highest bid and the highest bid being equal to or more than the reserve price.

(x) If the employee bid is not the highest bid and there are more than one employee bids within the 10% band, the highest of the employee bids will have precedence for purchase at the highest bid. If such employee bidder is unwilling or unable to match the highest bid, the option will pass on to the next highest employee bid and so on till all the employee bids, within the 10% band, are exhausted.

(xi) In the event of no employee bidder, within the 10% band, being willing or able to match the highest bid, the shares under offer will be sold to the highest bidding entity.

(xii) There will be a lock in period of one year for the shares disinvested by the Government.

2. All the bidders for the management-employee buy-outs will also have to satisfy the provisions of the 'Guidelines for qualification of bidders seeking to acquire stakes in Public sector Enterprise through the process of Disinvestment' issued vide the then Department of Disinvestment's Office Memorandum No.6/4/2001-DD-II dated 13th July 2001 or as amended subsequently along with other qualification criterion as generally applicable and not specifically excluded herein.

ANNEXURE 16: FORMAT FOR CERTIFICATE OF FINANCIAL CAPABILITY (NET WORTH/ ACI)

(On the letter head of the statutory auditor of the IB (i.e. sole bidder or each member of the Consortium) (or in the event that such IB does not have a statutory auditor, the person who has undertaken an audit of the IB in the immediately preceding financial year) (or in the event such IB is a natural person, chartered accountant practicing in India and registered with Institute of Chartered Accountants of India) duly verified by a notary and signed on each page by the Authorised Signatory of the IB)

Reference No. _____ ***Date*** _____

To,

[***Sole bidder or relevant member of Consortium***]

Kind Attention: [●]

SUB – INVITATION OF EXPRESSION OF INTEREST FOR STRATEGIC DISINVESTMENT OF AIR INDIA LIMITED

Sir,

This is with reference to the advertisement dated [●] ("**Advertisement**") and Preliminary Information Memorandum ("PIM") inviting applications for the strategic disinvestment of AI by way of the transfer of management control and sale of 100% equity share capital of AI held by GOI, which will include AI's shareholding interest of 100% in the Air India Express Limited and 50% in Air India SATS Airport Services Private Limited ("**Proposed Transaction").**

We certify that [●] has the following Net Worth as defined in defined in Eligibility Criteria of the PIM, as per the [latest audited annual consolidated financial statements, which are not older than 15 months from the EOI Deadline] **or** [latest audited annual standalone financial statements, which are not older than 15 months from the EOI Deadline since [.] is not required to prepare consolidated financial statements].

Or

We certify that [●] has the following ACI, as defined in defined in Eligibility Criteria of the PIM based on our assessment of the relevant documents which are not older than 3 months prior to the EOI Deadline.

Or

We certify that [●] has the following Net Worth, as defined in defined in Eligibility Criteria of the PIM based on our assessment of the relevant documents which are not older than 3 months prior to the EOI Deadline.

The Net Worth/ACI has been calculated as per the instructions provided in the PIM document and are briefly summarized below:

Name of entity	Net Worth /ACI as per the instructions in the EOI (INR Mn)	Reference#

#Note: Insert the relevant paragraph and page numbers from the audited annual accounts/ certificate/source used for calculation of Net Worth/ACI.

Capitalised term not defined in this in this certificate, but defined in the PIM, shall have the same meanings as ascribed to it in the PIM.

Above statements are certified as true.

For and on behalf of: (name of the statutory auditor)

Signature: (Authorised Signatory of statutory auditor)

Name of the Person: [●]

Designation: [●]

Date;

1. *The above sheet should be signed on each page and certified as true by the statutory auditors (or in the event that the IB does not have a statutory auditor, the person who has undertaken an audit of the IB in the immediately preceding financial year) of the Interested Bidder (that is sole bidder or each Member of the Consortium). In case IB is a natural person, the above sheet should be signed and certified as true by chartered accountant* practicing *in India and registered with Institute of Chartered Accountants of India.*

2. *Along with the above format, in a separate sheet, please provide details of computation of Net Worth/ACI as applicable. This separate sheet should also be certified as true and signed by the same persons signing Annexure 16.In case IB is a natural person, Net worth calculation (A+B+C-D-E) shall be provided in following format. This separate sheet should also be certified as true and signed by the same person signing Annexure 16*

S.No.	Details of Assets	Amount (cost) in Rs.
A	**Details of Immovable Property** • **Description** • **Address**	
B	**Details of movable asset**	
i.	Jewelry , bullion etc.	

ii.	Archeological collections , drawings , painting , sculpture or any work of art		
iii.	Vehicles , yachts , boats and aircraft		
iv.	**Financial Asset**		
a.	Bank (Including all deposit)		
b.	Shares and Policies		
c.	Insurance policies		
d.	Loans and Advance given		
e.	Cash in hand		
C	**Interest held in the asset of a firm or association of persons (AOP as a partner or member thereof**		
	Name and Address of the firm(s) / AOP(s)	PAN of firm/AOP	investment in the firm/ AOP on cost basis
D	**Liability in relation to Assets at (A+B+C)**		
E	Other Liability		

(Note : Please add additional heads if the above heads are not fully representative. For person who does not have PAN viz. Foreign nationals, please provide additional supporting documents/details of equivalent documents duly notarised)

3. *In case the IB is an NRI or Foreign individual, certificate from chartered accountant practicing in India and registered with Institute of Chartered Accountants of India should also be accompanied with a notarised certificate from a chartered accountant practising in the country which such NRI or foreign individual is a tax resident of. Such certificate should not be older than 3 months from the EOI Deadline.*

4. *The audited accounts on the basis of which the Net Worth shall be worked out shall correspond to accounting periods (of not less than 12 months) already completed and audited (and shall not be based on partial periods)*

5. *The certificate should also be counter signed on each page by the Authorised Signatory of sole bidder or the relevant member of the Consortium relating to whom this certificate is being provided. Further, in case of Consortium, this certificate should also be counter signed by the Lead Member.*

ANNEXURE 16 A: FORMAT FOR CERTIFICATE OF FINANCIAL CAPABILITY (NET WORTH) – APPLICABLE FOR EMPLOYEES

(On the letter head of the chartered accountant)

Reference No. _____ ***Date*** _____

To,

[***Name of Employee***]

Kind Attention: [●]

SUB – INVITATION OF EXPRESSION OF INTEREST FOR STRATEGIC DISINVESTMENT OF AIR INDIA LIMITED

Sir,

This is with reference to the advertisement dated [●] ("**Advertisement**") and Preliminary Information Memorandum ("PIM") inviting applications for the strategic disinvestment of AI by way of the transfer of management control and sale of 100% equity share capital of AI held by GOI, which will include AI's shareholding interest of 100% in the Air India Express Limited and 50% in Air India SATS Airport Services Private Limited ("**Proposed Transaction").**

We certify that [●] has the following net worth, as defined in defined in Eligibility Criteria in the PIM based on our assessment of the relevant documents which are not older than 3 months prior to the EOI Deadline.

The Net Worth has been calculated as per the instructions provided in the PIM document and are briefly summarized below:

Name of Employee	Net Worth as per the instructions in the EOI (INR Mn)	Reference#

#Note: Insert the relevant paragraph and page numbers from the source used for calculation of Net Worth/ACI.

Capitalised term not defined in this in this certificate, but defined in the PIM, shall have the same meanings as ascribed to it in the PIM.

Above statements are certified as true.

For and on behalf of: (name of the chartered accountant)

Signature: (Authorised Signatory of chartered accountant)

Name of the Person: [●]

Designation: [●]

Date;

1. *The above sheet should be signed and certified as true by chartered accountant practicing in India and registered with Institute of Chartered Accountants of India*

2. *The certificate should also be counter signed by the employee(s)*

3. *Along with the above certificate, Net worth calculation (A+B+C-D-E) shall be provided in following format in a separate sheet. This separate sheet should also be certified as true and signed by the same person signing Annexure 16A:*

S.No.	Details of Assets		Amount (cost) in Rs.
A	**Details of Immovable Property** • **Description** • **Address**		
B	**Details of movable asset**		
i.	Jewelry , bullion etc.		
ii.	Archeological collections , drawings , painting , sculpture or any work of art		
iii.	Vehicles , yachts , boats and aircraft		
iv.	**Financial Asset**		
a.	Bank (Including all deposit)		
b.	Shares and Policies		
c.	Insurance policies		
d.	Loans and Advance given		
e.	Cash in hand		
C	**Interest held in the asset of a firm or association of persons (AOP as a partner or member thereof**		
	Name and Address of the firm(s) / AOP(s)	PAN of firm/AOP	investment in the firm/ AOP on cost basis
D	**Liability in relation to Assets at (A+B+C)**		
E	Other Liability		

(Note : Please add additional heads if the above heads are not fully representative. For person who does not have PAN viz. Foreign nationals, please provide additional supporting documents/details of equivalent documents duly notarised)

4. *In case the employees include NRI or Foreign individual, certificate from chartered accountant practicing in India and registered with Institute of Chartered Accountants of India should also be accompanied with a notarised certificate from a chartered accountant practising in the country which such NRI or foreign individual is a tax resident of. Such certificate should not be older than 3 months from the EOI Deadline.*

ANNEXURE 16 B: FORMAT FOR COVERING LETTER FOR CERTIFICATE OF FINANCIAL CAPABILITY (NET WORTH/ ACI)

(On the letter head of the sole bidder or Lead Member of the Consortium - duly verified by a notary and signed on each page by the Authorised Signatory of the IB)

Reference No. _____ ***Date*** _____

To,

Mr. Kuljit Singh/ Mr. Sushi Shyamal Vemu
Ernst & Young LLP India (TA, acting on behalf of GoI)
3rd Floor, Worldmark-1,
IGI Airport Hospitality District, Aerocity,
New Delhi-110037, India

Kind Attention: Mr. Kuljit Singh/ Mr. Sushi Shyamal Vemu

SUB – INVITATION OF EXPRESSION OF INTEREST FOR STRATEGIC DISINVESTMENT OF AIR INDIA LIMITED

Sir,

This is with reference to the advertisement dated [●] ("**Advertisement**") and Preliminary Information Memorandum ("PIM") inviting applications for the strategic disinvestment of AI by way of the transfer of management control and sale of 100% equity share capital of AI held by GOI, which will include AI's shareholding interest of 100% in the Air India Express Limited and 50% in Air India SATS Airport Services Private Limited ("**Proposed Transaction").**

We certify that we have Net Worth of INR [●] Mn. The certificate(s) of the auditor for this purpose is provided as annexure to this letter.

Or

We certify that we have ACI of INR [●] Mn. The certificate(s) of auditor for this purpose is provided as annexure to this letter.

Or

We certify that our Affiliate have Net Worth of INR [●] Mn. The certificate(s) of statutory auditor of the Affiliate or in the event that the Affiliate does not have a statutory auditor, the person who has undertaken an audit of the Affiliate in the immediately preceding financial year for this purpose is provided as annexure to this letter.

For Sole Bidder

We certify the information in the following table. The certificate(s) of the auditor for this purpose is provided as annexure to this letter:

Name of Sole Bidder	Net Worth /ACI of Sole Bidder as per auditor's certificate (INR Mn) (a)	Name of Affiliate of Sole Bidder	Net Worth /ACI of Affiliate of Sole Bidder as per auditor's certificate (INR Mn) (b)	Total Net Worth /ACI of Affiliate of Sole Bidder and Affiliate (a+b)

For Consortium

We certify the information in the following table. The certificate(s) of the auditor for this purpose is provided as annexure to this letter:

Name of Member	Net Worth /ACI of Member as per auditor's certificate (INR Mn) (a)	Name of Affiliate of Sole Bidder	Net Worth /ACI of Affiliate of such member as per auditor's certificate (INR Mn) (b)	Total Net Worth /ACI of Affiliate of member and Affiliate (a+b)
Lead Member				
Member 1				
Member "n"				
Total				

Yours sincerely,

For and on behalf of: (sole bidder or Lead Member of Consortium)

Signature: (Authorised Signatory of sole bidder or Lead Member of Consortium)

Name of the Person: *●+

Designation: *●+

Place:

Date:

1. *Capitalised term not defined in this in this certificate, but defined in the PIM, shall have the same meanings as ascribed to it in the PIM.*

2. *In case of Consortium, the Lead Member should provide certificate as per Annexure 16 for itself and each member of Consortium.*

ANNEXURE 16 C: FORMAT FOR CERTIFICATE OF FINANCIAL CAPABILITY (NET WORTH) – APPLICABLE FOR IB'S TAKING BENEFIT OF FINANCIAL STRENGTH OF AFFILIATE

(On the letter head of the statutory auditor / chartered accountant, as applicable and countersigned on each page by the Authorised Signatory of the Affiliate and the IB)

Reference No. _____ ***Date*** _____

To,

[***Affiliate***]

Kind Attention: [●]

SUB – INVITATION OF EXPRESSION OF INTEREST FOR STRATEGIC DISINVESTMENT OF AIR INDIA LIMITED

Sir,

This is with reference to the advertisement dated [●] ("**Advertisement**") and Preliminary Information Memorandum ("PIM") inviting applications for the strategic disinvestment of AI by way of the transfer of management control and sale of 100% equity share capital of AI held by GOI, which will include AI's shareholding interest of 100% in the Air India Express Limited and 50% in Air India SATS Airport Services Private Limited ("**Proposed Transaction").**

We certify that [●] is the Affiliate of [●].

We also certify that [●] has the following Net Worth as defined in defined in Eligibility Criteria, as per the latest audited annual [consolidated financial statements] **or** [standalone financial statements since [.] is not required to prepare consolidated financial statements] (which are not older than 15 months from the EOI Deadline) and is an Affiliate of [.].

Or

[We also certify that [●] has the following Net Worth, as defined in defined in Eligibility Criteria of the PIM based on our assessment of the relevant documents which are not older than 3 months prior to the EOI Deadline] and is an Affiliate of [.].

The Net Worth, nature of relationship and details of equity shareholding have been calculated as per the instructions provided in the PIM document and are briefly summarized below :

(*The below table provides few illustrations for providing the details requested*):

Names of Affiliate	**Net Worth as per the instructions in the EOI (INR Mn)**	**Reference #**	**Relationship with IB**	**Details of Relationship of the Affiliate and the IB^**
Scenario 1 : IB is a Company using the financial strength of Affiliate (where Affiliate is a Company)				
ABC. Ltd. *(Name of Affiliate)*	INR 3,500 Million *(Net Worth of the Affiliate)*	Clause xx of Page xx of the latest audited financials of the Affiliate	ABC Ltd. is an Affiliate of IB	ABC Ltd. owns 75% of voting rights of the IB
Scenario 2 : IB is a Company using the financial strength of Affiliate (where Affiliate is an LLP)				
ABC LLP *(Name of Affiliate)*	INR 3,500 Million *(Net Worth of the Affiliate)*	Clause xx of Page xx of the latest audited financials of the Affiliate	ABC LLP is Affiliate of IB	ABC LLP owns 75% of voting rights of the IB
Scenario 3 : IB is a Company using the financial strength of Affiliate (where Affiliate is a natural person)				
ABC *(Name of Affiliate)*	INR 3,500 Million *(Net Worth of the Affiliate)*	Clause xx of Certificate of chartered accountant of ABC	ABC is Affiliate of IB	ABC owns 75% of voting rights of the IB
Scenario 4 : IB is an LLP using the financial strength of Affiliate (where Affiliate is a Company)				
ABC Ltd. *(Name of the Affiliate)*	INR 3,500 Million *(Net Worth of the Affiliate)*	Clause xx of Page xx of the latest audited financials of ABC Ltd.	ABC Ltd. is Affiliate of IB	ABC Ltd. has the power to direct the management and policies of the IB
Scenario 5 : IB is an LLP using the financial strength of Affiliate (where Affiliate is a LLP)				
ABC LLP *(Name of Affiliate)*	INR 3,500 Million *(Net Worth of the Affiliate)*	Clause xx of Page xx of the latest audited	ABC LLP is Affiliate of IB	ABC LLP has the power to direct the management and policies of the IB;

Names of Affiliate	Net Worth as per the instructions in the EOI (INR Mn)	Reference #	Relationship with IB	Details of Relationship of the Affiliate and the IB^
		financials of the Affiliate		
Scenario 6 : IB is an LLP using the financial strength of Affiliate (where Affiliate is a natural person)				
ABC *(Name of the Affiliate)*	INR 3,500 Million *(Net Worth of the Affiliate)*	Clause xx of Certificate of chartered accountant of ABC	ABC is Affiliate of IB	ABC has the power to direct the management and policies of the IB;

#Note: Insert the relevant paragraph and page numbers from the source used for calculation of Net Worth/ACI.

^Relationship of Affiliate with IB to be as on seven (7) days prior to the EOI Deadline

Capitalised term not defined in this in this certificate, but defined in the PIM, shall have the same meanings as ascribed to it in the PIM.

Above statements are certified as true.

For and on behalf of: (name of the statutory auditor)

Signature: (Authorised Signatory of statutory auditor)

Name of the Person: [●]

Designation: [●]

Date;

1. *The above sheet should be signed on each page and certified as true by the statutory auditors (or in the event that the Affiliate does not have a statutory auditor, the person who has undertaken an audit of the Affiliate in the immediately preceding financial year) of the Affiliate (of sole bidder or each Member of the Consortium). In case Affiliate is a natural person, the above sheet should be signed and certified as true by chartered accountant* practicing *in India and registered with Institute of Chartered Accountants of India.*

2. *Along with the above format, in a separate sheet, please provide details of computation of Net Worth/ACI as applicable (in case of Net Worth for a natural person, Net worth calculation (A+B+C-D-E) shall be provided in following format). This separate sheet should also be certified as true and signed by the same person signing Annexure 16C:*

S.No.	Details of Assets	Amount (cost) in Rs.
A	**Details of Immovable Property** **Description** **Address**	

B	**Details of movable asset**		
i.	Jewelry , bullion etc.		
ii.	Archeological collections , drawings , painting , sculpture or any work of art		
iii.	Vehicles , yachts , boats and aircraft		
iv.	**Financial Asset**		
a.	Bank (Including all deposit)		
b.	Shares and Policies		
c.	Insurance policies		
d.	Loans and Advance given		
e.	Cash in hand		
C	**Interest held in the asset of a firm or association of persons (AOP as a partner or member thereof**		
	Name and Address of the firm(s) / AOP(s)	PAN of firm/AOP	investment in the firm/ AOP on cost basis
D	**Liability in relation to Assets at (A+B+C)**		
E	Other Liability		

(Note : Please add additional heads if the above heads are not fully representative. For person who does not have PAN viz. Foreign nationals, please provide additional supporting documents/details of equivalent documents duly notarised)

3. *In case the Affiliate is a natural person and is an NRI or Foreign individual, certificate from chartered accountant practicing in India and registered with Institute of Chartered Accountants of India should also be accompanied with a notarised certificate from a chartered accountant practising in the country which such NRI or foreign individual is a tax resident of. Such certificate should not be older than 3 months from the EOI Deadline.*

4. *The audited accounts on the basis of which the Net Worth shall be worked out shall correspond to accounting periods (of not less than 12 months) already completed and audited (and shall not be based on partial periods)*

5. *The certificate should also be counter signed on each page by the Authorised Signatory of sole bidder or the relevant member of the Consortium relating to whom this certificate is being provided as well as the Affiliate whose net worth is being certified . Further, in case of Consortium, this certificate should also be counter signed on each page by the Lead Member.*

ANNEXURE 17: FORMAT FOR CERTIFICATE OF OUTSTANDING LITIGATION

(To be provided on the letter head of Interested Bidder (sole bidder or each member of Consortium) - duly verified by a notary and signed on each page by the Authorised Signatory of the IB and the Affiliate as applicable)

To,

Mr. Kuljit Singh/ Mr. Sushi Shyamal Vemu
Ernst & Young LLP India (TA, acting on behalf of GoI)
3rd Floor, Worldmark-1,
IGI Airport Hospitality District, Aerocity,
New Delhi-110037, India

Kind Attention: Mr. Kuljit Singh/ Mr. Sushi Shyamal Vemu

Sir,

This is with reference to the advertisement dated [●] ("**Advertisement**") and Preliminary Information Memorandum ("PIM") inviting applications for the strategic disinvestment of AI by way of the transfer of management control and sale of 100% equity share capital of AI held by GOI, which will include AI's shareholding interest of 100% in the Air India Express Limited and 50% in Air India SATS Airport Services Private Limited ("**Proposed Transaction").**

We [●], incorporated under the provisions of [●] and having our registered office at [●], certify that based on our assessment, likely outcome of outstanding litigations against us and our Affiliate (only in case IB is taking benefit of financial strength of such Affiliate), ours and our Affiliates' Controlling Shareholder(s)/partners (in case the IB or Affiliate includes a LLP), our Associate(s) shall not impact our capability to (a) participate in the Bid Process (b) undertake and consummate the Proposed Transaction and impact our qualification in terms of the Eligibility Criteria set out in the PIM, extant GOI instructions on disinvestment and instructions contained in the PIM.

For and on behalf of: (sole bidder or relevant member of the Consortium)

Signature of Authorised Signatory of sole bidder or relevant member of the Consortium

(Please also affix company stamp)

Place:

Date:

1. *Capitalised terms not defined in this Annexure shall have the meaning ascribed to them in the PIM*

2. *The annexure should also be counter signed on each page by the Authorised Signatory of Lead Member, in case of a Consortium.*

3. *This annexure should also be counter signed on each page by the Authorised Signatory of Affiliate (only in case IB is taking benefit of financial strength of such Affiliate)*

ANNEXURE 18 : FORMAT FOR CERTIFICATE OF CONTINGENT LIABILITIES

(On the letter head of the sole bidder or each member of Consortium - duly verified by a notary and signed on each page by the Authorised Signatory of the IB and the Affiliate as applicable)

Reference No. _____ ***Date*** _____

To,

Mr. Kuljit Singh/ Mr. Sushi Shyamal Vemu
Ernst & Young LLP India (TA, acting on behalf of GoI)
3rd Floor, Worldmark-1,
IGI Airport Hospitality District, Aerocity,
New Delhi-110037, India

Kind Attention: Mr. Kuljit Singh/ Mr. Sushi Shyamal Vemu

SUB – INVITATION OF EXPRESSION OF INTEREST FOR STRATEGIC DISINVESTMENT OF AIR INDIA LIMITED

Sir,

This is with reference to the advertisement dated [●] ("**Advertisement**") and Preliminary Information Memorandum ("PIM") inviting applications for the strategic disinvestment of AI by way of the transfer of management control and sale of 100% equity share capital of AI held by GOI, which will include AI's shareholding interest of 100% in the Air India Express Limited and 50% in Air India SATS Airport Services Private Limited ("**Proposed Transaction").**

We certify that based on our assessment, likely outcome of our contingent liabilities, contingent liabilities of our Affiliate (only in case IB is taking benefit of financial strength of such Affiliate),ours and our Affiliates' Controlling Shareholder(s)/partners (in case the IB or Affiliate includes a LLP), our Associate(s) shall not impact our capability to (a) participate in the Bid Process (b) undertake and consummate the Proposed Transaction and impact our qualification in terms of the Eligibility Criteria set out in the PIM, extant GOI instructions on disinvestment and instructions contained in the PIM.

Yours sincerely,

For and on behalf of: (sole bidder or relevant member of the Consortium)

Signature: (Authorised Signatory of sole bidder or relevant member of the Consortium)

Name of the Person: *●+

Designation: *●+

Place:

Date:

1. *Capitalised term not defined in this certificate, but defined in the PIM, shall have the same meanings as ascribed to it in the PIM.*

2. *The annexure should also be counter signed on each page by the Authorised Signatory of Lead Member, in case of a Consortium.*

3. *This annexure should also be counter signed on each page by the Authorised Signatory of Affiliate (only in case IB is taking benefit of financial strength of such Affiliate)*

ANNEXURE 19: FORMAT FOR CERTIFICATE ON NO PROHIBITION

(To be provided on the letter head of IB (sole bidder or Lead Member of Consortium) - duly verified by a notary and signed on each page by the Authorised Signatory of the IB)

[Should be properly stamped]

To,
Mr. Kuljit Singh/ Mr. Sushi Shyamal Vemu

Ernst & Young LLP India (TA, acting on behalf of GoI)
3rd Floor, Worldmark-1,
IGI Airport Hospitality District, Aerocity,
New Delhi-110037, India

Kind Attention: Mr. Kuljit Singh/ Mr. Sushi Shyamal Vemu

SUB – INVITATION OF EXPRESSION OF INTEREST FOR STRATEGIC DISINVESTMENT OF AIR INDIA LIMITED

Undertaking

We _____ (a private limited company, public limited company, limited liability partnership, body corporate or Fund registered or incorporated under the laws of _____ and having its Registered Office at _____,through its Authorized Signatory solemnly affirm and state as under:

We have not been prohibited, by any agreements with any third party/parties from participating in the Proposed Transaction and we are in compliance with the guidelines issued by Department of Investment and Public Asset Management No. 3/9/2016-DoD-II-B dated September 28, 2017 and subsequent amendments/clarifications thereunder.

(For Consortium only, please add the following line: We certify that the above statements are true for each member of our Consortium)

For and on behalf of: (sole bidder or Lead member of the Consortium)

Signature of Authorised Signatory (of sole bidder or Lead Member of Consortium)

(Please also affix company seal)

Place:

Date:

1. *This certificate should be counter signed on each page by Authorised Signatory of each Member of a Consortium.*

2. *Capitalised terms not defined in this certificate shall have the meaning ascribed to them in the PIM.*

ANNEXURE 20: AFFIDAVIT

[TO BE STAMPED ADEQUATELY AND NOTARIZED (OR APOSTILLED, AS RELEVANT) and signed on each page by the Authorised Signatory of the IB and the Affiliate as applicable]

(To be provided by sole bidder or each member of Consortium and their respective Affiliates)

To,

Mr. Kuljit Singh/ Mr. Sushi Shyamal Vemu
Ernst & Young LLP India (TA, acting on behalf of GoI)
3rd Floor, Worldmark-1,
IGI Airport Hospitality District, Aerocity,
New Delhi-110037, India

Kind Attention: Mr. Kuljit Singh/ Mr. Sushi Shyamal Vemu

SUB – INVITATION OF EXPRESSION OF INTEREST FOR STRATEGIC DISINVESTMENT OF AIR INDIA LIMITED

Certificate

This is with reference to the advertisement dated [●] ("**Advertisement**") and Preliminary Information Memorandum ("PIM") inviting applications for the strategic disinvestment of AI by way of the transfer of management control and sale of 100% equity share capital of AI held by GOI, which will include AI's shareholding interest of 100% in the Air India Express Limited and 50% in Air India SATS Airport Services Private Limited ("**Proposed Transaction").**

I, [*name*], the], Authorised Signatory of _____, (hereinafter the "**IB**"), certify that every part of information provided by the IB (as a part of EOI and whether relating to us or our Affiliate)) is true, correct and complete in all aspects on the date of this affidavit.

Capitalised terms not defined in this certificate shall have the meaning ascribed to them in the PIM.

For and on behalf of: (sole bidder or relevant member of the Consortium)

Signature: (Authorised Signatory of the sole bidder or relevant member of the Consortium)

Name of the Person: *●+

Designation: *●+

Place:

Date:

1. *The Annexure should also be counter signed on each page by the Authorised Signatory of Lead Member, in case of a Consortium.*

2. *This annexure should also be counter signed on each page by the Authorised Signatory of Affiliate (in case credentials of Affiliate have been used)*

ANNEXURE 21: FORMAT FOR CONFIRMATION BY AFFILIATE - APPLICABLE FOR IB'S TAKING BENEFIT OF FINANCIAL STRENGTH OF AFFILIATE
(On the letter head of the Affiliate, as applicable - duly verified by a notary and signed on each page by the Authorised Signatory of the IB and Affiliate)

Reference No. _____ ***Date*** _____

To,

Mr. Kuljit Singh/ Mr. Sushi Shyamal Vemu
Ernst & Young LLP India (TA, acting on behalf of GoI)
3rd Floor, Worldmark-1,
IGI Airport Hospitality District, Aerocity,
New Delhi-110037, India

Kind Attention: Mr. Kuljit Singh/ Mr. Sushi Shyamal Vemu

SUB – INVITATION OF EXPRESSION OF INTEREST FOR STRATEGIC DISINVESTMENT OF AIR INDIA LIMITED

Sir,

This is with reference to the advertisement dated [●] ("**Advertisement**") and Preliminary Information Memorandum ("PIM") inviting applications for the strategic disinvestment of AI by way of the transfer of management control and sale of 100% equity share capital of AI held by GOI, which will include AI's shareholding interest of 100% in the Air India Express Limited and 50% in Air India SATS Airport Services Private Limited ("**Proposed Transaction").**

We have read and understood the contents of the Advertisement and the PIM and thereby confirm the following:

a) [●], who is the interested bidder ("**IB**") for this expression of interest ("**EOI**"), is taking the benefit of our financial strength and may qualify on the basis of our Net worth of [●]. The certificate of our statutory auditor confirming this Net worth is provided as annexure to this letter.
b) We are the Affiliate of [●] and we are also enclosing certificate from our statutory auditor to this effect.

c) We agree to abide by all the requirements of PIM including but not limited to providing an unconditional and irrevocable guarantee to GOI on behalf of IB to perform and discharge all its obligations under the PIM, the RFP and the definitive documents.

d) All information provided by [●], who is the IB for this EOI is true, correct and complete in all aspects on the date of this affidavit

For and on behalf of: (Affiliate)

Signature: (Authorised Signatory of the Affiliate)

(Please also affix company stamp if applicable)

Name of the Person:
Designation:

Place:
Date:

1. *The Annexure should also be counter signed on each page by the Authorised Signatory of the IB taking benefit of financial strength of Affiliate and Authorised Signatory of the Lead Member (in case of a Consortium).*

2. *Capitalised terms not defined in this Annexure shall have the meaning ascribed to them in the PIM.*